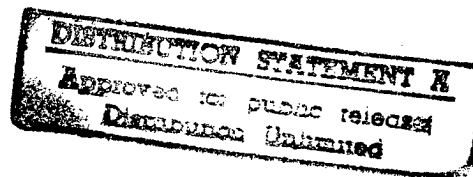


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NATIONAL AFFAIRS, POLICY

Market Report for 1991, Prospects for 1992

92CE0303A Beijing JINGJI CANKAO BAO in Chinese
15 Jan 92 p 4

[Article by Liu Nanchang (0491 0589 2490), affiliated with the National Information Center: "Markets: A Review of 1991 and Prospects for 1992"]

[Text] Market Features and Operations in 1991

China's domestic market sales conditions improved in 1991, with our social commodity retail sales turnover estimated to have reached about 940 billion yuan, or 13.3 percent more than in 1990 and, corrected for price increases, still about 10 percent more, for a normal growth rate. A review of 1991's market conditions has led us to discover the following features:

While there was generally stable growth throughout 1991, there was also a certain amount of fluctuation. There were no striking seasonal market fluctuations in 1991, despite the fact that many seasonal commodities came into season later than they should have. Except for in the fourth quarter, sales turnover was basically about what it should have been in the other three quarters, with seasonal differences being less than in previous years. While stability was the major domestic market pattern in 1991, market sales also experienced a certain amount of fluctuations in certain months. These were mainly sharply increased sales volumes in February and April due to seasonal factors in the spring and readjustments of fixed prices for food and cooking oil, and corresponding sharp declines in March and May.

While there were generally varying degrees of growth in all regions throughout China, growth was uneven among regions, with large gaps between urban and rural areas. From January to November, social commodity sales turnover growth rates topped 10 percent in 22 provinces, cities, and autonomous regions throughout China. The higher growth rates were concentrated mostly in economically developed regions with faster economic development, such as the Xinjiang Autonomous Region with the highest growth rate of 19.7 percent, and provinces and cities, such as Beijing, Shanghai, Shandong, Guangdong, Guangxi, Hunan, and Zhejiang, with growth rates higher than 15 percent, while certain provinces with worse economic conditions or which had suffered severe disasters, such as Qinghai, Gansu, Guizhou, Hainan, and Anhui, had lower growth rates of about 9 percent. Urban markets were brisk and booming, with urban consumer goods retail sales turnover for January to November being 16.2 percent higher than for the same period in 1990, while rural markets were softer, with consumer goods retail sales turnover at the county level and below increasing only 12.1 percent and 9.0 percent, respectively.

Key consumer goods product mix was characterized by ongoing change. Food consumption became more nutritional and rational, with all kinds of fast foods, small

packaged foods, and highly nutritional foods experiencing better sales, and a marked trend of southern foods being sold in the north. The quality of life also improved clearly for rural consumers, with consumer style emulating that of the cities, higher flour and rice consumption, and increased nonstaple food demand. Clothing commodity markets were both soft and brisk, with clothing materials sales being soft, but all kinds of latest fashions, medium- and high-grade clothing, and high-quality clothing materials finding increasing favor with consumers, with good, cheap, and popular clothing still having broad markets. Rural consumer demand for ready-made clothing in keeping with individual aesthetic taste is growing rapidly. Clothing sales are estimated to have grown 8 percent in 1991. There were marked fluctuations in fast- and slow-selling consumer goods, with a sharp decline in sales of traditional commodities, such as matches, soap, laundry detergent, sewing machines, and watches, a cooling down of the recovery from 1990 to the beginning of 1991 of the sustained slump since 1989 in sales of color TVs, refrigerators, and washing machines, a drop in sales of tape recorders and electric fans, and a very clear increase in sales of certain new household appliances, small commodities, and traditional commodity substitutes. VCRs, air conditioners, karaoke and combination acoustics machines, cooking gear (such as grease- and smoke-free stoves, microwave ovens, and electric roasters), family hygiene products, and cosmetics became the hot-sellers of 1991. Sales increased for certain commodities for which product mix was adjusted sooner and which were revamped and upgraded quicker, such as bicycles and transistor radios, where sales are estimated to have increased more than 2 percent. In addition, interior decoration is attracting more consumer attention, with increased sales of floor coverings, ceramic tiles, rugs, and ornamental lighting. Physical fitness and cultural consumer goods are accounting for a clearly increasing percentage of consumer goods retail sales volume.

Both prices and consumer mentalities were stable. The state readjusted a series of commodity prices in 1991, putting some onto a single track. In particular, it took steps to raise the selling prices of rationed food and cooking oil for urban residents. While this was broad in scope and deep in impact, prices remained generally stable throughout 1991, with price index increases dropping steadily in the first four months in particular, including an increase in April of only 0.6 percent over that of April 1990. Although the price index began to rise again in May, the increases were basically stable, so that the 1991 price index is estimated to have increased less than 3.5 percent. Urban and rural market price fluctuations underwent a change, in which the situation of rural prices being higher than urban ones was changed, so that the rural retail sales price index is estimated to have increased less than 2 percent, and urban prices were about 2 percent higher than rural ones. Regional price transfers were controlled, with the phenomenon of higher prices for other regions being decreased. Price increases were generally low in all regions throughout

China for 1991. Except for the retail price index topping 9 percent in Beijing, Hubei, and Xinjiang, it was lower than planned in most regions. Prices were also lower than the national average in certain hot spots that had touched off national price increases in the past, which interrupted to a certain extent the lateral price transfers among regions.

While we succeeded in stimulating markets in 1991, we still experienced rather glaring supply and demand conflicts, such as supply and demand not being synchronized, and supply growing faster than demand. While according to our adjusted calculations at the beginning of 1990, if we had increased our light industry GVIO [Gross Value of Industrial Output] 7 percent, our GVAO [Gross Value of Agricultural Output] 3.5 percent, and our prices 6 percent in 1991, our 1991 goods supply would have satisfied about 13 percent of our social commodity retail sales turnover growth rate, what actually happened was that our light industry GVIO increased about 13 percent, and our prices increased about 3 percent so that, after correcting for the low price increase factor, over 20 billion yuan worth of our new goods supply became overstocked inventories, which were ultimately hard to transfer to demand. This lack of production and demand coordination showed up not only quantitatively, but was also a particularly glaring product mix problem, with persistent overstocking of large market share commodities, such as TVs, refrigerators, sewing machines, watches, bicycles, and textiles. This lack of supply and demand coordination was caused mostly by certain deeper problems, such as certain enterprises and sectors having poor market concepts, striving unilaterally for output value and speed, and not suiting product mix to changing consumer demand, which limited consumer purchasing. In addition, housing reform and housing reform publicity in some regions also affected market sales to a certain extent.

Market Conditions and Policy Trends for 1992

Based on the patterns of market change in recent years and the policies that the state is likely to put into effect in the near future, we think that 1992's general domestic market pattern will be mostly stability, with slightly higher increases in social commodity retail sales turnover than in 1991, continued slow change in consumer product mix, some anticipated recovery of rural markets, and brisker markets in central and western China than in 1991.

Along with the gradual implementation of various measures to invigorate large- and medium-sized enterprises and the changeover in enterprise distribution forces, urban staff member and worker incomes will be somewhat higher than in 1991, with urban staff member and worker payrolls predicted to be about 16 percent higher than in 1991. Structural adjustments and renewed input in township enterprises will increase peasant nonagricultural income, while the state's decision to raise its procurement prices of agricultural sideline products, such as wheat, is also likely to increase peasant income, with the likely increase predicted to be about 11 percent.

Projecting from this, the cash incomes of urban and rural residents will increase 14.5 percent in 1992, to reach about 1.53 trillion yuan, of which 1.26 trillion yuan will be commercial purchasing power.

While this increased personal income and purchasing power means that market demand will increase considerably, full-scale implementation of housing reform, mostly raising rents and selling off public housing, will directly absorb about 8 billion yuan of purchasing power. In addition, housing reform will also raise the personal savings consciousness, increase the marginal savings trend, and absorb about 10 billion yuan more of housing purchase savings which, in addition to increases in various noncommercial expenditures, will reduce commercial purchasing power by about 20 billion yuan. Taking all income and expenditure factors into account, the 1992 social commodity retail sales turnover is predicted to be 1.068 trillion yuan, or about 13.6 percent more than in 1991. This includes a consumer goods retail sales turnover of 935 billion yuan, or an increase of 13.6 percent, and an agricultural capital goods retail sales turnover of 133 billion yuan, or an increase of 13.7 percent.

Based on the principle of cyclic economic fluctuation, if there is not a great change in state macroeconomic policy or international conditions, China's domestic markets will heat up gradually in 1992. China's economic fluctuation trend being characterized by a transfer from southeast to northwest, and eastern and southern China having maintained a high rate of social commodity retail sales turnover growth in 1991, indicates that provinces, such as Yunnan, Guizhou, Qinghai, and Ningxia, are likely to experience a change in their soft markets in 1992, with sales tending to be brisker.

On the supply side, our domestic markets will experience abundant goods supply and increased marketable commodities in 1992, due to our stable agricultural yields. Despite great agricultural disasters in 1991, we still reaped bumper harvests. Preliminary estimates for 1991 are that our grain output was 435 billion jin, our cotton output was about 5 million tons, and our sugar and tobacco outputs set new records again. These overall bumper agricultural harvests have provided abundant staple and nonstaple food supplies and plentiful light industrial goods raw materials for 1992. As governments at all levels and peasants have increased their agricultural investment, through increased building of agricultural infrastructures and establishment of a sound socialized service system for agriculture in particular, 1992's GVAO is predicted to be about 4 percent higher than in 1991. Industrial production is expected to grow faster, with the 1992 GVIO predicted to be about 13 percent higher than in 1991, including a likely increase in the light industry GVIO of about 12 percent. Projecting from a 4 percent increase in GVAO and a 12 percent increase in light industry GVIO, 1992's social commodity goods supply will amount to about 1.24 trillion yuan based on 1991 prices. If prices remain basically stable, we will not experience any major supply and demand conflicts.

Price fluctuations depend mainly on market supply and demand, as well as demand product mix changes. The above analysis and projections have shown us that our 1992 domestic markets will continue the pattern of supply being slightly greater than demand. Thus, while prices will remain fairly stable in 1992, we will also experience certain inflationary factors due to the large price adjustments in 1991, especially those of high-tech products and raw materials, which will impact enterprise production costs and drive prices up. In order to rationalize price relations, the state will unavoidably have to modify prices appropriately, especially by speeding up the merging of dual-track product prices onto a single track in 1992. In addition, the state will further deregulate its price control jurisdiction. All of these will be factors in setting off price increases. After summing up the various factors that affect price fluctuations, it is predicted that it will be possible to keep the 1992 social commodity retail sales price index below 6 percent.

As 1992's domestic market climate will be more relaxed, we should seize the time to speed up our pace of product mix adjustment, by strictly controlling production of products where supply is severely greater than demand, and making overall plans for commodities with brisk market demand, such as air conditioners and small household electrical appliances, in order to prevent a new round of duplicate construction.

As great changes are in store for China's rural markets, and current rural market developments are still far from adequate, with areas, such as goods supply organization, product service, and information guidance, being especially unsuited to consumer demand, we must further reform of rural grass-roots supply and marketing agencies, by enhancing management and service levels, in order to adapt to new rural market changes.

Our current glaring market problems are declining enterprise performance, severe operating losses, and especially the operating difficulties that are besetting our state-owned wholesale enterprises. While these are being caused by management and administrative problems within enterprises, other undeniable factors are unfair competition and inadequate management decision-making power. Thus, the state should use means, such as economic and legal, to conscientiously create fair competition conditions for enterprises, by taking steps, such as eliminating the commission deduction business tax on state-owned wholesale enterprises, and putting equal tax burdens on state-owned and other wholesale enterprises.

Article on Managing State Enterprises 'Well'

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1 Nov 91 pp 22-25, 44*

[By Yuan Baohua (5913 1405 5478): "Strengthen Vitality, Improve Performance, Manage Large-, Medium-Sized State Enterprises Well"]

[Text] The recent central working conference has laid emphasis on discussing the question of how to manage large- and medium-sized state enterprises well. It is an

extremely pressing strategic task of great importance and merits our energetic efforts to analyze the current situation with a practical attitude and an exploratory spirit, study the problems, give play to the superiority of large- and medium-sized state enterprises, and seek a way to manage them well which is suitable to China's conditions.

I.

In order to develop, the national economy urgently requires quality management for large- and medium-sized state enterprises, which constitute the backbone of the national economy. China currently has 13,400 large- and medium-sized state enterprises, which account for only 3.2 percent of the total number of enterprises conducting business accounting independently, but also represent 67.4 percent of the fixed assets, 54.9 percent of the total industrial output value, and 61.1 percent of the profits and taxes. It can be seen that the situation of large- and medium-sized state enterprises has decisive influence on the development of the national economy. Only when these enterprises are well run can the state have a stable source of financial revenue, can the growth of the national economy be reliably guaranteed, and can China's overall national strength be continuously improved.

Quality management of large- and medium-sized state enterprises embodies the superiority of the socialist system and has profound political significance and far-reaching historical influence. The socialist cause is a great undertaking without parallel in history, and whether or not its productive forces can be highly developed is the final prerequisite of whether or not the socialist system can triumph over the capitalist system. As the main body of socialist economic operation, large- and medium-sized state enterprises are duty-bound to undertake the heavy historical responsibility of highly developing productive forces. Therefore, state enterprises not only should be well managed but should be more efficient and more competitive than capitalist enterprises, as only in this manner can the superiority of the socialist system be fully convincing. Under a changeable international situation in which hostile western forces are stepping up their pursuit of peaceful evolution in socialist countries, quality management of large- and medium-sized state enterprises has even more positive and profound significance.

What, then, is meant by enterprise vitality, and what are the standards for enterprise vitality? In considering this question, it is necessary to charge the staff and workers of socialist enterprises with being masters of their own affairs, to follow the objective requirements of the planned commodity economy, and to evaluate enterprises from the viewpoints of competition, adaptability to change, and development. Enterprise vitality means, first of all, that an enterprise should work hard and forge ahead with indomitable will. If the leaders of an enterprise are united, coordinated, and bold in making innovations, and if the staff and workers work hard, make progress, and have high morale, the enterprise will have

a strong unifying force and a strong centripetal force. Moreover, an enterprise should have the following prerequisites: Its products or services should be competitive on the market; it has very high level of efficiency and performance; it is quite capable of adapting to changes in the external environment; and it attaches importance to technological development, product development, and market development, and has every potential for future development. If these requirements are reached, it can be called an enterprise with vitality.

Lack of vitality and low economic performance on the part of enterprises, especially large- and medium-sized state enterprises are extremely stern realities facing us. Statistics have indicated that about 35 percent of the large- and medium-sized state enterprises are suffering losses, 30 percent are gaining meager profits or suffering potential losses, and only one-third are doing well. The fact that the situation of declining enterprise economic performance has not been fundamentally reversed cannot but arouse our attention.

There are many reasons for the lack of vitality in large- and medium-sized state enterprises, both external reasons and aspects of the enterprises themselves. In general, these are the primary reasons: imperfect market growth, failure to straighten out prices, lack of external environment for fair competition among enterprises; inadequate implementation of the "Law of Industrial Enterprises Under Ownership by the Entire People" and great difficulty in separating the functions and responsibilities of administration from those of management, much interference from various quarters, and the great difficulty enterprises have in making their own operational decisions; the high taxes paid to the state and the heavy social burden leave enterprises with few retained profits and little capacity for self-development; local protection and closed markets prevent large- and medium-sized state enterprises from bringing their superiority into play; serious debt chains have brought severe harm to the enterprises' normal production and operation activities; enterprise leaders are accustomed to the practice of product economy, cannot adapt themselves to changeable markets, their train of thought is not broad enough, and their innovation capacity is not strong; and weak foundation work, loose management, serious waste have resulted in the loss of efficiency. If these problems are not solved, increase of vitality and improved performance will be an empty phrase. To solve these problems, it is necessary to exercise overall management, to work for a temporary solution and even more to effect a permanent cure both inside and outside enterprises. It is necessary to transform the external environment of enterprises, build a new operation mechanism, step up enterprise management from top to bottom, and to manage large- and medium-sized state enterprises well by every possible means.

II.

The external environment of an enterprise is a prerequisite on which the development of the enterprise depends.

If it is neglected, the goal of running large- and medium-sized enterprises well cannot be attained. The most essential thing in the reform of government functions is to separate the duties and responsibilities between the government and enterprises according to the requirements of planned commodity economy, reduce interference in enterprises, create fine external conditions for them, truly implement the right for enterprises to decide for themselves in operations, and to enable them to concentrate their efforts to manage their own affairs well. Therefore, efforts should be concentrated on the following aspects.

1. *Seriously effect separation of functions between the government and enterprises.* It is very easy to talk about separation of functions between the government and enterprises theoretically, but practice in the past few years shows that it is really not very easy to accomplish it. Because of the management concept formed over a long period of time under the old system, some government departments always dare not or are unwilling to give enterprises a free hand to stand the tests of market competition. So, the key to effecting the separation of functions between the government and enterprises is first of all to make the government take charge of only what it should do rather than interfere with the affairs of enterprises themselves. However, China is different from western countries in that the state is both the administrator of society and the proprietor of state enterprise assets. Therefore, if the separation of functions between the government and enterprises is to be truly accomplished, it should be concretely implemented from three levels in accordance with the principle of separation of two powers: Give the right of operation of state assets to enterprises; ownership of state assets should be exercised by a state assets management department entrusted by the government; the government's economic management departments should mainly be in charge of macroeconomic regulation and control. Only by so doing can duties and responsibilities be truly and clearly defined. Of course, accomplishment of this point not only requires a fundamental change in government functions, but also depends on the improved qualities of personnel of government departments concerned.

2. *Exercise effective indirect control over enterprises through markets.* The separation of functions between the government and enterprises is not aimed at weakening the authority of government control but at urging the government to do more to improve the environment for enterprise development, promote market growth and social progress (such as interfering in duplicate construction and unequal competition, regulating social conflicts, including those between enterprises). In the big triangle between the state, market, and enterprises, there should be a physical line between the state and the market, i.e., the state uses economic and legal means to regulate and control the markets; there should also be a physical line between the market and enterprises, i.e., apart from fulfilling the state's mandatory plans, enterprises should mainly carry out production according to market demand, and changes in the market will guide changes in

the production of enterprise products; there should be a dummy line between the state and enterprises, i.e., aside from planned guidance, the state's influence on the enterprises is mainly exerted through the market's regulatory mechanism. Only by freeing itself from interfering in the microeconomic activities of enterprises can the government be better engaged in the macroeconomic management activities. Pushing enterprises into the market and strengthening rational macroeconomic regulation and control are both for the sake of creating a fine external environment for enterprises.

3. *Conscientiously implement the "Enterprise Law" and deepen coordinated reform of macroeconomy.* Externally speaking, an important point in running large- and medium-sized enterprises well is to act according to the "Enterprise Law" and truly return decision-making power to enterprises. The "Enterprise Law" adopted by the National People's Congress in 1988 defines for the first time in the form of a law the nature of enterprises: "State-owned industrial enterprises are socialist commodity production and operation units which make their own decisions, assume full responsibility for their profits and losses, and conduct independent business accounting according to law." This has laid a foundation for the gradual realization of state control over enterprises according to law. However, due to various reasons, many provisions laid down in the "Enterprise Law" have not been carried out in the past three years. One very important reason is that reforms of China's macroeconomic management systems, such as planning, taxation, finance, banking, labor, wages, foreign trade, commerce, goods and materials, and prices are not coordinated. The 13-point decision-making powers of enterprises laid down in the "Enterprise Law" are all directly involved with problems in the macroeconomic management systems. Therefore, an important link in improving the external environment of enterprises is to deepen coordinated reform of the macroeconomy as required by the "Enterprise Law."

4. *Genuinely reduce the burdens of enterprises by strictly controlling indiscriminate imposition of production quotas, fees, and fines.* Judging from the situation in the past few years, a major reason that enterprises have not been well managed is that they have too many burdens to bear, and indiscriminate imposition of production quotas, fees, and fines has not been curbed despite repeated prohibitions. This matter had been stressed for many years, but with little results. In the past we talked about "letting water in to raise fish," and now we talk about "making a big cake." By so doing, everybody can acquire more, and the Shoudu Iron and Steel Company is an example. To take into account the growth of the national economy from an overall point of view, the state should first enable the enterprises propping up the national economy to have the potential for future development. That is to say, enterprises should have not only the ability to "decide for themselves in operation, and assume full responsibility for their profits and losses," but also the ability for "self-accumulation and self-development." When the potential of enterprises for

future development is strengthened, the financial source of the state will have a long-term guarantee. Therefore, we should further lighten the burdens of enterprises, stop up the loophole of loss of profits, and resolutely struggle against indiscriminate imposition of production, fees, and fines.

III.

To manage large- and medium-sized enterprise well, the government should mainly improve the external environment, but enterprises should mainly deepen internal reform, and strengthen management, thereby raising the economic efficiency of enterprises. To deepen internal reform, we should mainly proceed from the following aspects.

1. *Further deepen reform of enterprise leadership structures.* The reform of enterprise leadership structures is the central link of various internal reforms in enterprises. While upholding and perfecting the factory director responsibility system, it is necessary to bring into fuller play the role of enterprise party organization as a political core, rely wholeheartedly on the working class, give play to the role of staff members and workers in enterprise as masters of their own affairs, handle correctly relationships among party, government, and workers to enable them to develop in coordination with one other, thus ensuring the socialist orientation of enterprises and constantly strengthening their cohesive force.

2. *It is necessary to further the reforms of the three systems of enterprises.* Reforms in the labor, personnel, and distribution systems are a major aspect of the internal reform of enterprises. Although reforms in these aspects have been touched upon in various ways in the past few years, as yet they have been only on a very preliminary basis. To enable enterprises to be really competitive, it is necessary first of all to build up within them a competition mechanism that allows the good to win out and the bad one to be eliminated, thus truly overcome the phenomenon of overstuffing, low efficiency, and lax discipline. A determined resolution should be made to overcome defects formed over a long period of time that the staff members and workers can join but not leave enterprises, that cadres can only be promoted but not demoted, and that wages and bonuses can only be increased but not decreased. In this respect, previous good experiences, such as optimum labor combination, competition, and invitation of tenders should be maintained, and new explorations and experiments should also be actively conducted.

3. *Importance should be attached to reform of enterprise organizational structure.* To adapt to the need of the planned commodity economy, and in particular to the need of market changes, it is necessary to carry out further reforms in enterprise organizational structure and patterns. These mainly include: 1) The establishment of institutions within enterprises should be based on practical need rather than stressing related upper and lower organization structures, and leaders of enterprises

should be good at readjusting organizational institutions according to changes in the situation. We should never tolerate the continuation of the phenomenon of inflated organizations and having more hands than needed. 2) To reduce the burdens of enterprises, it is necessary to uphold, in terms of structure, the practice of separating the production from the livelihood system. The Baoshan Iron and Steel Company in Shanghai is a typical example. It has separated from the iron and steel complex, logistics and other service companies and turned them into economic entities that conduct independent business accounting, assume full responsibility for their profits and losses, and have decision-making power. By so doing, a rational reform has not only been conducted on the system of enterprises but surplus personnel have also been absorbed, thus reducing the burdens of enterprises. It has also helped develop tertiary industry.

4. *Actively explore an effective way to carry out "one factory, two systems."* The so-called "one factory, two systems" refers to the existence of two management structures in a large- or medium-sized enterprise, namely, the conventional mold of management and management according to foreign-invested enterprises. We have already accumulated some experiences and attained certain results in probing reform in this field. To coordinate with the in-depth reforms of the three systems within enterprises, and truly establish a mechanism which encourages production, embodies more pay for more work done, and eventually boosts tremendous improvement in productive forces, it is necessary to pound vigorously at the ideas and molds adapted to the old system, such as the "iron rice bowl," the practice of "everybody eating from the same big pot," and the "iron armchair," which strangle enterprise vitality. With the implementation of "one factory, two systems," it is necessary to simplify the administrative structure, and not to provide for idle persons. Some people may temporarily retain their posts with suspended wages while seeking their own livelihood; some may pick up necessary studies and training for reassignment; others may be transferred to labor service companies; still others may "wait for employment" in the factory. In short, popularizing "one factory, two systems" and introducing the competitive mechanism of foreign-invested enterprises is of extremely important significance to deepening the reform in state enterprises and boosting improvement of management level and productive forces.

IV.

Another important aspect of the job within enterprises is to do a good job of enterprise management.

1. *It is necessary to further strengthen the basic work of enterprise management.* The basic work of enterprise management is the basis and guarantee of various enterprise managements. The basic work of enterprise management in China has been somewhat strengthened in the past few years. The directors (managers) of large- and medium-sized enterprises have increasingly realized the importance of this job. But viewed from the current situation of enterprises as a whole, the basic work is still

very weak, and this has conditioned enterprise capacity to adapt to markets. The basic work of enterprise management in the future, such as standardization, information, calculation, must be strengthened from the point of view of how to adapt to the need of markets. If management, especially the basic management, of an enterprise is weak, it will be impossible for users to believe that it will be able to turn out good products. After learning about enterprise products, many foreign businessmen make a point of going to enterprises to have a look before placing orders. What are they looking at? Management, the production site. Therefore, whether the basic management is good or bad is directly related to whether products are competitive on the world market. We should understand the importance of strengthening basic management from such a plane. The guarantee of quality, varieties, and efficiency lies in enterprises' solid basic management.

2. *Strict requirements and strict management are necessary prerequisites for strengthening enterprise vitality.* Large-scale modernized production requires strict discipline and unified command, so that socialized labor, which has elaborate division of labor, can go on effectively. It is wrong for some comrades to set the status of workers and staff members as masters against strict management. Under the socialist system, staff members and workers enjoy the status of masters of enterprises and the power of taking part in decision-making and democratic management. But in the course of mass production, it is necessary to obey unified command and management, which is the objective requirement for maintaining the overall interests of the enterprise and the entire staff. When the spirit of being masters is enhanced, consciousness of management will be strengthened, which promotes strict control of enterprises. It is necessary to build up strict factory discipline and style of work, and leaders should set good examples by carrying out orders and prohibitions. It is necessary to build up strict and thorough management systems to cover every aspect of work in enterprises, exercise standardized and procedural control, and make "everybody equal before rules and regulations." It is necessary to carry out strict inspection, punish violations of rules and regulations, and be strict and fair in meting out rewards and punishments. It is necessary to build up, in coordination with the basic work of enterprise, a quantified assessment system for production and operation quotas, stop up loopholes, tap potentialities and, through improved management, lower production costs, improve performance, and strengthen vitality.

3. *It is necessary to strengthen democratic management.* To strengthen enterprise vitality is the central link in furthering reform of the economic system, and the source of vitality lies in the initiative and creativity of staff members and workers. Practice has proved that only when workers' rights to democratic management laid down in the "Enterprise Law" is ensured can the status of the broad masses of the staff and workers as masters of their own affairs be embodied and, when the fruits of their labor, material benefits, and social honor

are linked together, plus energetic ideological and political work, their initiative and creativity will be brought into full play. It is necessary to carry out seriously the guiding idea of relying wholeheartedly on the working class, and enable them to feel in real earnest that they are masters of the enterprises, give counsel of their own accord to enhance enterprise efficiency, do their utmost for the prosperity of the enterprises, and act as good masters. It is necessary to continuously perfect and amplify the system of democratic management and democratic supervision, and raise the level of democratic management in the course of deepening reforms.

4. *To step up ideological political work is a powerful guarantee for strengthening vitality and improving performance.* Ideological political work should be consciously conducted according to the requirements of "one center, two basic points," in light of the practical situation of enterprises, and in close coordination with production and operation. By smoothing the ideological sentiments of staff members and workers, stabilizing their contingent, inspiring enterprise spirit, and enhancing the cohesive force of enterprises we should assist and support factory directors in ensuring production and operation, train and build up a contingent of staff members and workers who assiduously start pioneering work and forge courageously ahead.

We should continue to develop the spirit of self-reliance and hard working in pioneering efforts. On distribution of interest, it is necessary to change the present situation of excessive stress of individual interests to one of stressing enterprise interests and increase funds for technical transformation, so as to strengthen the enterprise potential for future development. Readjustments of interests should be guaranteed by powerful ideological political work. It is necessary to develop the spirit of devotion and correct the tendency of "putting money first in everything."

To manage a socialist enterprise well is a complicated systems engineering project, and it is necessary to understand fully the arduousness and challenge it contains. Meeting the market head on, conducting in a coordinated way the deep-level reforms of economic structure, and implementing the "Enterprise Law" are practical guarantees for effecting separation of government functions from enterprise functions and separation of two powers, and for building a vigorous operation mechanism for enterprises. Speeding up reforms within enterprises, pushing forward technical progress, and strengthening enterprise control are the road that we must take to strengthen vitality and improve performance. So long as we seriously carry out the spirit of the Central Working Conference, make concerted efforts, and act boldly in exploration and practice, there is great hope for managing large- and medium-sized state enterprises well.

MINERAL RESOURCES

Qinghai Develops Rich Mineral Resources

OW1001045792 Beijing XINHUA in English
0325 GMT 10 Jan 92

[Text] Xining, January 10 (XINHUA)—Over the past few years, northwest China's Qinghai Province has vigorously developed its rich geological mineral resources.

The province, with an area of 720,000 sq km, has so far discovered 119 kinds of minerals, accounting for 63 percent of the country's total varieties of minerals.

To develop these rich mineral resources, the province has formed 409 mining zones, local officials told XINHUA.

At the same time, it has completed the first-phase construction of a potash fertilizer plant near Qarhan Salt Lake, and now the plant, which is believed to be China's largest, has begun trial production. Preparations for the plant's second-phase construction, with a designed annual production capacity of 800,000 tons of potash fertilizer are also under way, said the officials.

The lead and zinc mine at Xitie Mountain, which was built in 1988, now has an annual ore mining and dressing capacity of one million tons, ranking first in the country.

In addition, the Qinghai Oilfield is constructing a large oil refinery.

Last year, it produced more than 7 million bbl [barrels], the officials added.

Gold Administrator Says Gold Output Increases

HK1002000592 Beijing RENMIN RIBAO in Chinese
25 Jan 92 p 2

[By reporter Jiang Shijie (3068 0013 2638): "Gold Output Increases by More Than 15 Percent for Three Years Running"]

[Text] The 1992 national work conference on gold production was held in Hebei's Qianxi Jinchanggu Gold Mine not long ago. In his work report, Xu Daquan, vice minister of Metallurgical Industry, concurrently State Gold Administration director stated: China's gold production maintained a fine momentum of steady growth in 1991. Various work of gold enterprises this year should closely center around raising gold output and economic returns.

According to Xu Daquan, in 1991, China's gold output increased by 15.2 percent from the previous year. This marks the third consecutive year of increasing gold output at an average annual rate of 15 percent, in the wake of 1989 and 1990. Twelve provinces (regions) including Shandong, Henan, Hebei, Liaoning, Shaanxi, and Xinjiang overfulfilled their annual production quotas. In capital construction, the annual task for increasing production capacity was completed rather satisfactorily, with a number of fine projects surfacing, including Shaanxi's Taibai Gold Mine, Henan's Jinju Gold Mine, Heilongjiang's Wulaga, and Laozhashan Gold Mines. In the gold geological survey, the contracted plan for surveying gold deposits issued by the State Planning Commission was also overfulfilled, with newly increased deposits submitted accounting for 119 percent of the index in the annual plan. Xu Daquan required that gold production this year center around raising output and economic returns, while proceeding from improving the gold geological survey and the quality of capital construction, as well as shortening the cycle to insure

that annual gold output increases by 10 percent on the basis of the actual gold output last year.

Zhaoyuan Gold Mine Garners Stable, High Yields

*HK1002145992 Beijing RENMIN RIBAO in Chinese
27 Jan 92 p 3*

[By Xie Lianhui (6200 5114 6540): "Shandong's Zhaoyuan Gold Mine Garners High, Stable Yields"]

[Text] Shandong's Zhaoyuan Gold Mine, which has earned the honorable title of "champion" in the gold industry by a State Council leading comrade, has scaled a new height in production by unremittably relying on progress in science and technology with the beginning of the 1990's.

The mine's new workshop which broke ground in November 1990 with self-collected funds was completed and put into production four months ahead of schedule with the efforts of Beijing Nonferrous Metal Design General Research Center, which was responsible for the workshop's design and construction. The large-type production line for ore selection of China's own design and production is up to the world advanced level and has greatly improved ore-selecting efficiency, with consumption of fuel cut back, and the daily processing volume of ore raised from the original 800 to 1,000 tons.

Zhaoyuan Gold Mine has acquired the knowledge through long-term practice that in building a gold mine, science and technology are not for a moment dispensable. While gradually completing and perfecting the enterprise's internal managerial mechanism since the Sixth Five-Year Plan, this gold mine boasting some 4,000 workers and staff members, guided by science and technology, has put in self-accumulated funds of 28 million yuan to begin some 400 projects of technological renovation and transformation, of which 15 were awarded prizes for technological results by China General Gold Corporation, five were awarded prizes for technological results by Shandong Province, and 66 were awarded with prizes for technological results by Shandong Gold Corporation; as a result, the old mine has been revitalized, and has created a record of garnering high and stable yields in consecutive years in the Chinese history of gold mining. The mine has been honored with the title "Enterprise With Meritorious Service to Shandong's Gold Industry," and the title "Advanced Collective With Outstanding Contributions to the Development of China's Gold Industry."

LABOR

Inverse Work-Wage Relation Analyzed

*92CE0239A Hong Kong CHING-CHI TAO-PAO
[ECONOMIC REPORTER] in Chinese No 46,
18 Nov 91 pp 26-27*

[Article by Cheng Hsun [4453 6598]: "A Further Analysis of the Reasons for 'Inverse Income' Relations"]

[Text] In analyzing the phenomenon of "inverse" work-wage relations in mainland China (see CHING-CHI TAO-PAO No 2234, 26 Aug 91,) this author previously listed the inverse income distribution relations among the mainland citizens but did not analyze the situation in detail. Actually, the deep-seated reasons are very complicated.

Things Can Get Worse If Not Corrected

In economic terms, "inverse" relations means a violation of market principles. For example, a well-trained engineer's wage no doubt should be higher than an ordinary technician's; a college professor should be paid much more than a hotel clerk. I remember a University of Hong Kong professor saying in a lecture delivered on the mainland several years ago that besides lecturing undergraduate and graduate students and advising in research, he could also type and translate, but would not type or translate because his work is 8 to 10 times more valuable than that of a typist; he would rather pay someone else to do the typing, otherwise he would be wasting public resources. In a capitalist society, however, a waste management worker or a street cleaner might earn more than a white-collar worker. But this is a kind of compensation and is in accordance with market principles, otherwise no one would do those disliked jobs. But people would never invert the wages for mental and physical work for this reason. This is true in the United States and is true in other economically-mature societies. The developing nations also share a similar point, namely, the more educated the person and the higher the position one holds, the higher the income. In the past, China's situation was also like this. From this perspective, there are similar standards for the distribution of personal income in all societies with a rational and healthy economy. It was so in the past, is so today, and will be so in the future. But Mainland China has in reality departed from this standard, and a different phenomenon has occurred there. A characteristic of this phenomenon is that the distribution of personal income is no longer linked with a person's cumulative labor contribution, and wages no longer have anything to do with one's actual contribution and competency on the job. Instead, a person's real income is arbitrary, and there is a huge income difference among the workers. Looking at the situation today, if this discrepancy is not corrected promptly, things will grow even worse.

What Is Wrong?

According to my analysis, the main problem is that in the 10 years of reform and opening up, the overall socio-economic structure has changed too rapidly and there have been no readjustments in the corresponding management system and labor-wage system, and this has led to a disequilibrium in income distribution among members of society.

Runaway inflation

Obviously, the absolute majority of the low-income people today are those who work in government departments and state-run enterprises and institutions on fixed incomes. China has long practised a low-wage, high-welfare income distribution system. Although during the 10 years of reform there have been repeated calls for rectification of this, this goal has not been met. One of the main reasons is that the mainland decisionmakers have always been afraid to face the effects of inflation on this traditional distribution system. According to a mainland mathematician who analyzed the real purchasing power of the RMB [Renminbi], 1 yuan of RMB today is worth only about 0.25-0.30 yuan of the past. Of course, the government has made some readjustments in recent years, but the base wages of the original work categories (posts) is low, the rate of readjustment is slow, and each grade only increases in wage by 7 to 10 yuan. It generally takes 2 to 3 years to get a one-grade pay raise, and if an individual has made a contribution warranting a more-than-one-grade pay raise, it would be something worth reporting in the newspaper, and a two-grade pay-increase will be regarded as a major readjustment (wages are linked to jobs, and in the mainland, it takes at least 3 to 5 years for a section member or a teaching assistant to be promoted to section chief or lecturer). In times of runaway inflation, however, such a pay raise would be wiped out in a year's time; it makes no difference whether one gets a wage increase or not. The basic wage would have gradually lost its original meaning in determining income distribution.

Old workers adhere to the old system and new workers operate under a new system—the source of problems

During the restructuring of the mainland's labor and personnel departments several years ago, it was emphasized that old workers should stick to the old method and new workers should implement the new method. Old workers continued to get their old wages, and new workers adopted the contract system and variable bonuses. The idea was to protect the interests of the original staff and workers. Little did people expect that because of the rapid development of the diversified economy and the growing competition, workers who are under the old system now find their wages suppressed by the fixed wage system, while new workers' wages are not limited in any way. As a result, some of the state-run enterprises' contractual workers and temporary workers find their income increasing significantly because they are paid according to a piece-rate (or a combination of monthly wages plus bonuses and contractual base wages plus variable rate) and because they mainly work in non-state-owned businesses and industries such as the "three kinds of import processing and compensatory trade" enterprises, joint ventures and cooperative joint ventures, wholly foreign-owned enterprises, and township collective enterprises. Although these contractual workers or temporary workers do not have, or have less of the "big welfare" benefits of state workers, their income is much higher, and they are fully compensated. Moreover, in order to maintain stability among the

contingent of workers, many enterprises are providing some temporary housing, medical care, and other benefits to their workers, and in fact, these benefits are no less than what the state workers get under the old system. Add the fact that these new workers are generally young people with no family burdens, and their real personal income is of course fairly substantial.

The absolute value of the nominal wages of elite intellectuals has gone down.

The mainland's elite intellectuals have been on two different pay-scales since the 1960s: For the same rank and job, they are being paid different wages. Intellectuals who had attained the rank of assistant professor or higher prior to the founding of New China had been paid at least around 200 yuan and even as much as 380 yuan and more, but things had not changed much in the subsequent 20 to 30 years. During these years, although inflation had been increasing rapidly, there had been no significant increase in their wages. In other words, nationwide, the nominal wages of a large group of elite intellectuals are lower now than they were before the "Cultural Revolution." Thus, because of inflation, real purchasing power of those who earned a high income before the Cultural Revolution has dropped to the ordinary people's level. For those intellectuals who entered the work force after the Cultural Revolution, their real wages are not only lower because of inflation, their wages are lower compared to those of the same rank and in same job than those who got in the workforce before the "Cultural Revolution." Compared to the many workers who have been working in non-state departments (state-run enterprises) and earning variable income in the last 10 years, how can this lead to anything but an "inverse" income relationship?

A rich source of "grey income" that dwarfs the workers' regular income in comparison.

The term "grey income" as applied to the economic lives of the mainland people today in fact covers a broad area. Some such income is reasonable but illegal; others are legal but unreasonable. Generally, they fall into two main categories: One refers to the "extra income" of those who earn a fixed income, plus the usual bonuses; the other refers to the non-fixed income of "free lance" workers (referring to those who do not work in state-run or collective units.) The former is usually income earned by people who make use of the state or collective units' human and material resources and administrative power under their control. Among these people, a large majority are indeed making money by using their "surplus energy." That is, they take a second job to earn more money, not unlike people in Hong Kong who "moonlight" on the side (the hiring unit turns a blind eye while workers work a second job semi-openly.) The emergence of this group of people is also attributable to today's unreasonable system and the inefficient use of resources. Today, many mainland organs and units are overstaffed; there are more and more surplus workers, and there are more hands than work. Some scientific and technical

units simply have nothing to do, and it is not unusual for people to be moonlighting on the side. For example, the Chinese Scientific Management Research Center recently completed a random sampling of 2,055 scientists and engineers in the government-owned scientific research institutes, colleges, and research units of large and medium-sized enterprises and institutions and found that half of the scientists and technicians said that they could not give play to their abilities. Another survey in Shenyang City also showed that one-third of the enterprise scientists and technicians are idle. The reasons are complicated, but poor work conditions and low wages are among the most important factors. In addition to the fact that there are more hands than work, another unique situation is that due to the economic contraction in the last 2-3 years, many large and medium-sized state-run enterprises have simply "run out of steam." Since they cannot lay off the workers, the factories simply announce that they will only pay a percentage of the wages, or in lieu of wages, distribute some overstocked products and sell them to the workers at reduced prices and let the workers help themselves or sell those goods on their own to make a living. After a while, the workers have come to know the market fairly well.

"Inverse" Work-Wage Relations Does Not Mean a Lower Standard of Living

Today, the phenomenon of "inverse" work-wage relations is indeed prevalent in all sectors throughout the mainland. All sorts of allocation relations have been distorted, and as a result, there has been a relative decline in the real standard of living for some people. Overall, however, the living standard is still higher than before.

This is because most nominal wages (plus all sorts of subsidies and bonuses) have in fact increased from one to several fold. Moreover, because of higher labor productivity, society's material wealth has increased, and in today's monthly pay, one can actually buy more. Some prices not only haven't increased, they have actually decreased. For example, in the past, a 16-inch "Diamond" brand fan sold for 180 yuan, but today sells for around 160 yuan. Meanwhile, a "Phoenix" brand bicycle which used to cost around 160 yuan (although it was hard to come by,) is today going for around 350 yuan. Based on monetary income, in the past it took 3 months' wages to buy an electric fan or a bicycle, and today, it generally takes a month's wage to buy an electric fan or a "Five Sheep" brand bicycle. The problem is that people who are living on fixed wages that were once high nowadays see little increase in their monetary income while the non-fixed portion of their incomes (or in contrast to the incomes that are fixed, the bonus increases) have increased several fold. Thus, although they still have fixed incomes, they still can use just one month's wages to buy a bicycle; so in fact they come out even compared to before. Fortunately, those who enjoyed higher income in the past are still receiving fairly substantial welfare benefits, such as low-rent housing, government allowances, bonuses and other

compensations, while those who play catch-up with them must spend a substantial portion of their higher income to pay for commercial housing, medical care, retirement, and other personal benefits. Thus, although the former group's income has equaled or even surpassed by the others, there is still a gap in actual living expenditure, except that this gap no longer corresponds to the difference in people's contribution to the state (and compensation for the value of individual's work.)

Then how much negative impact can this kind of "inverse" work-wage relation create? How profound is this impact? It is very difficult to say at this point. Some people suggest that it may renew the belief that "education is useless," demoralize the well-trained scientists and technical personnel, and lead to a brain-drain, thus undermining the people's values. This sounds reasonable but it is not entirely so in real life. On the contrary, all signs seem to indicate that most well-off families in the mainland (including the nouveau-riche families) are attaching even more importance in their children's education than before and are even more anxious to see their children succeed. It is still an important goal to enroll one's children in prestigious schools (including famous kindergartens through college.) According to newspaper reports, no one missed Jiangsu Province's college entrance exam this year despite the disastrous flood of the century—a miracle that will go down in history. Of course, this does not exclude those who only wish to see their children succeed and be able to study abroad someday, but nevertheless, this is consistent with the wish to improve the national quality. Some people may have found that it is too late for the older generation to get rich now, but there is still hope for the next generation. Others may feel that although they have made a fortune, they regret that they themselves never had much of an education, and want their children to be well-educated. In short, the effects of all these have yet to be sorted out.

But the present inverse work-wage relation has to some extent brought about the unexpected hope of resolving a problem which the mainland has long failed to resolve: In the past, although they were trained by the state, college graduates and those with advanced degrees have refused to go to the primary production lines at below county levels, or return to their hometowns to work. They would resort to all means to stay in the cities to become state cadres. Today, many people, including those with Masters or Ph.D. degrees, have asked to work in the township enterprises or in medium-sized and small towns. Some even give up the "iron rice bowl" (including the state's huge benefits) to strike out on their own and take their chances. In the long run, whether this trend and its slowly expanding scope would readjust itself like the current quota of state grain rations is yet difficult to ascertain. Of course, as an overall distribution policy, the inverse work-pay relation may be an inevitable phenomenon for now; in the long-run, a way must be found to make adjustments in different areas and at different links, so as to promote the overall development of the productive forces. For example,

Guangdong Province will implement the whole-staff contractual management system on a trial basis this year. The "statuses" of cadres and workers, and of permanent workers, contractual workers, and temporary workers will be abolished. Everyone will be assessed on the job on a competitive basis. Everyone's job skill and actual contribution will be reflected comprehensively in the distribution of wages, so as to avoid the inverse work-wage relation created by the different "statuses."

POPULATION

Report on Gansu Province Eugenics Practice

92CE0307C Hong Kong MING PAO in Chinese
31 Jan 92 p 9

[Article by Jiang Fumei: "Gansu Surgically Sterilizes Over 6,000 Demented Persons of Child-bearing Age"]

[Text] According to statistics compiled by a relevant department in Gansu Province, sterilization surgery was performed on 6,271 demented persons of child-bearing age in the province between January 1989 and June 1991.

Relevant reference materials show that Gansu's population is 23 million only, but there are more than 260,000 mentally retarded persons who suffer from dementia. In addition, about 2,000 mentally retarded babies are born each year. Gansu needs to supply over 40 million kilograms of relief grain, and provide funds totaling more than 14 million yuan every year for the support of persons suffering from dementia.

Although mentally retarded, many of them still have normal genital organs and capabilities for childbirth. When these people have children, they are unable to take care of their children. Naturally these children become a burden to their families.

According to a survey, most of the children born of parents suffering from dementia have low IQ's. Even if children with normal intelligence are born to demented parents, because the parents are unable to bring them up and provide them with rudimentary education they often acquire mental deficiency.

At the first session of the Seventh Gansu Provincial People's Congress held in March 1988, the Pingliang Prefecture delegation put forward, for the first time, a motion to prohibit people who suffer from dementia from having children. In April 1988, the Gansu Provincial People's Government officially submitted the "Interim Regulations To Prohibit Demented Persons From Childbirth" to the provincial people's congress and suggested that the latter work out local regulations in this connection.

The "Regulations of Gansu Provincial People's Congress Standing Committee on Prohibiting Demented Persons From Childbirth" pointed out: Persons suffering from dementia must be sterilized before marriage. If both partners are demented, the surgery may be performed on

the female. If one partner is demented, the surgery will be performed on the demented partner.

The regulations only prohibit childbirth by persons who suffer from dementia, not marriage. Birth control measures are only limited to demented persons with child-bearing ability and demented women between the age of 15 and 49, and are not for all people suffering from dementia.

AGRICULTURE

Planning of Agricultural Investment Outlined

Structural Changes Emphasized

92CE0306A Beijing NONGMIN RIBAO in Chinese
8 Jan 92 p 1

[Article by Correspondent Li Yongsheng (2621 3057 3932): "Management and Guidance of Agricultural Planning To Emphasize Rational Readjustment of the Industrial Structure and Overall Planning of Agricultural Investment"]

[Text] Future emphasis in management and guidance of agricultural planning should be shifted toward planning the orientation, goals, and pattern of agriculture and developing the rural economy, using resources in a rational way, readjusting the industrial make-up and the product mix, and using investment and various economic readjustment and control measures in a comprehensive way. These were the words of Wan Baorui [8001 1405 3843], Ministry of Agriculture Planning Department director, in a recent statement about implementation of CPC Central Committee "Decisions on Further Buttressing of Agriculture and Rural Work."

Wan Baorui told the correspondent that emphasis must be placed on work in the following several regards in doing agricultural planning:

1. Correct guidance of agriculture and rational restructuring of the rural industrial structure to increase economic returns. During the current difficulty in selling grain and other agricultural products, the rise in costs and the decline in returns, a tendency toward too great a reduction in the grain growing area must be guarded against. While growing modest amounts of some cash crops, principal grain growing areas should also take into account the capacity of the market for such crops. Not only should they guard against planting cash crops without due consideration, but they must also not convert grain fields to orchards or dig ponds in them for the rearing of fish. They should think in terms of large rural villages and large scale agriculture, using agricultural resources in multiple ways, develop farming, forestry, animal husbandry, sideline occupations and the fishing industry in an overall way, and integrate farming, the raising of livestock and fish, and the processing of agricultural products; production, supply and marketing; and trade industry and agriculture as a basic way to make rural villages prosper.

Readjustment of the rural industrial structure must be actively guided in accordance with the spirit of the "Decisions," and in the spirit of the State Council notice on further invigoration of the flow of agricultural products. This readjustment should function to develop township and town enterprises, and to develop rural secondary and tertiary industries that enable rural villages to change their role as mere providers of low priced agricultural products and raw materials to become involved in economic diversification, multi-level processing that adds value. Various industries should combine organically to complement each other for the formation of a built-in mechanism that produces a benign cycle in agriculture and the rural economy. This will widen rural avenues for employment, increase peasant income, and make rural markets prosper. It holds important strategic significance for the sustained and steady development of agriculture, and for the coordinated development of urban industry and the entire national economy.

2. Rational planning of agricultural investment for effective increase in the overall production capacity of agriculture. The comprehensive development of agriculture and the building of basic facilities, including farmland water conservancy projects and agricultural commodity bases, as well as the development of poverty-stricken areas, and the use of science and technology to make agriculture flourish, must be the emphasis of investment. At the same time, positive support must be given to the building of a socialized service system to support grassroots level agriculture. A clear-cut division of labor and suitable coordination of funds from all channels must be planned in order to avoid duplicative construction that wastes funds. Full use must also be made of the policy guidance role of state investment in agriculture on collective investment and peasant investment.

3. Work style must be changed, people must become more deeply involved with realities, and investigation and research must be conducted. With the burgeoning of the rural commodity economy, reliance on the old practices used in guiding a product economy such as waiting for plans to be handed down, and urging the peasants on in planting and harvesting are far from able to meet the needs of a commodity economy. Not only must the laws of value be consciously applied, but plan management and macroeconomic regulation and control must be increased and improved, and the application of economic regulatory methods must be explored to guide the healthy development of agriculture and the rural economy.

Integrate Livestock Production, Marketing

92CE0306B Beijing NONGMIN RIBAO in Chinese
8 Jan 92 p 1

[Article by Correspondent Sun Naihui (1327 0035 2585) and Reporter Cao Baotian (2580 1405 3944): "Acceleration of Reform To Integrate Livestock Industry Production and Marketing"]

[Text] The emphasis in the livestock industry this year and for years to come is on completion of the socialized service system, acceleration of reform to integrate production and marketing, and positive efforts to spread applied science and technology. This is what Ministry of Agriculture leader Zhang Yanxi [1728 1693 0823] said during an interview granted to the correspondent. Zhang Yanxi said that a system for the propagation of superior breeds, a system for ensuring fodder supply, and a system for the prevention and treatment of diseases are guarantees for the healthy development of the livestock industry. Close attention must be given to building and perfecting these systems. Continuity must be maintained in the grassroots level veterinary medicine corps. Provision must be made with all possible speed for the staffing and funding of grassroots level stations in accordance with requirements of the State Council and the wishes of the Ministry of Agriculture and the Ministry of Personnel. At the same time, problems in the assessment of qualifications, in living conditions, and in welfare benefits for staff personnel must be properly solved. The broad masses of animal husbandry workers must be better schooled in a sense of service to animal husbandry and to peasants and herdsmen, the purely buying and selling relationship changed into a cooperative operational relationship. In addition, the spread of services and of science and technology, technical training, and administration and management must be linked together.

In discussing the flow of livestock products and reform aimed at the integration of production and marketing, Zhang Yanxi said that the farming and livestock sectors, particularly leading comrades in them, must keep pace with reform by correspondingly readjusting work functions. They must become actively involved in the circulation of products in accordance with the State Council policy combining relaxation with control. They must demolish regional blockading, gradually founding and steadily improving wholesale markets to develop integration of the production and marketing of livestock products. A certain percentage of the funds that the state and local governments provide for future livestock and poultry commodity bases, for technological transformation, for the price differential between feed grain purchased at negotiated prices that is sold at the parity price, and for the building of the grasslands is to be allocated to support production and marketing integration reform.

Farming Emphasizes Increased Yields

92CE0306C Beijing NONGMIN RIBAO in Chinese
8 Jan 92 p 1

[Article by Report Zeng Yande (2582 5888 1795) and Correspondent Li Yongsheng (2621 3057 3932): "Active and Steadfast Readjustment of the Farming Structure; Implementation of Various Measures To Increase Yields"]

[Text] On the topic of how to implement CPC Central Committee *Decisions on Further Improvement of Agricultural and Rural Work*, Ministry of Agriculture

Farming Department Director Wang Ganhang [3769 3927 2635] recently told the correspondent that during the next several years, emphasis will be placed on structural readjustments, on social service systems and on the building of commodity bases, as well as on the implementation of various technical measures for increasing yields to promote the sustained and steady development of farming.

He said that all jurisdictions were currently mulling over the restructuring of farming, and quite a few jurisdictions were in process of planning or preparing to reduce the grain growing area. The policy of "positively no relaxation of grain production while actively developing economic diversification," and the principle of "mostly stability with only minor readjustments" would have to be adhered to, readjustments to the farming structure being carried out actively and steadfastly on the basis of market supply and demand and social needs. By so-called "mostly stability" is meant stabilizing the basic pattern of the farming industry, emphasis going to stabilizing the growing area for four main crops, namely grain, cotton, oil-bearing crops, and sugar-bearing crops; and stabilizing the regional pattern of principal agricultural products. By so-called "minor readjustments" is meant readjustment of irrational local crop patterns such as growing some livestock feed crops such as corn, sweet potatoes, and barley in the south, and growing more paddy rice and wheat in the north. These two readjustments are for the purpose of optimizing the mix of crop varieties to improve product quality and market competitiveness. Examples include a gradual reduction in the south of the growing of early long-grained paddy, which is not very tasty and which produces only a relatively low yield, planting more premium quality rice instead. Third is readjustments in farming areas that do not lend themselves to the growing of certain crops, replacing such crops with others that make better use of resources.

Speaking about the building of a socialized service system in agriculture, Wang Ganhang said that while continuing to devote close attention to the building of basic facilities for the development of agricultural techniques, seeds, plant protection, soil fertility, information, and premium quality agricultural products, and to the staffing of service organizations for the promotion of farming techniques at the grassroots level, emphasis must also be placed on methods that enable the farming technology service sector to take part in the flow of agricultural products, in building economic entities, and enhancing the role of grassroots farm technology units in serving agriculture in order to solve peasant difficulties in selling their products, thereby advancing development of the rural commodity economy.

On the building of commodity bases, Wang Ganhang said that for the near future, emphasis must be placed on the building of a number of grain, cotton, oil-bearing crop and sugar-bearing crop commodity bases and premium quality farm product bases. Better management,

and constant consolidation, perfection, and improvement of existing commodity bases is needed. In particular, a stabilization of the present area of existing commodity grain bases is needed to make the most of their role as mainstays in grain production.

Aquatic Products Industry

92CE0306D Beijing NONGMIN RIBAO in Chinese
8 Jan 92 p 1

Article by Wang Xin (3769 2946): "Work Along the Three Lines of Reform, Development, and Management in Aquatic Products Industry"]

[Text] How can "CPC Central Committee Decisions on Further Improvement of Agricultural and Rural Work," which the Eighth Plenary Session of the 13th Party Central Committee passed, be implemented in the aquatic products industry? A person in charge of the Ministry of Agriculture Aquatic Products Department concisely capsulized the answer to this question from the correspondent as follows: first, attention to reform; second, attention to development; and third, attention to administration.

By attention to reform is meant further intensification of reform of the fishing industry economic system. Fishing industry economic system reform based primarily on the removal of business restrictions and price restrictions in keeping with the wishes of the broad masses of cadres and people in the fishing industry, and in keeping with the present level of development of fishing industry productivity will require concentrated efforts on "stability, perfection, guidance, and innovation," with much work being done in "decentralizing production operations and in providing socialized services." The aquatic product's industry's socialized services system must be built and perfected by adapting general methods to local circumstances, a major effort made to build aquatic products basic facilities, including the repair of water-damaged engineering works, the building of fishing ports, perfection of the fingerling feeding system, and the building of wholesale markets for aquatic products.

By attention to development is meant active opening of new production areas simultaneous with better tapping of potential and technological transformation, and effectively increasing output of the fishing industry. Potential is very great for development and increased output in China's aquatic products industry, particularly its aquatic products breeding industry. The pace of key projects for overall development of the fishing industry, including the low-lying alkaline wasteland along the Huang He, the "two islands and one bay" coastal flats, the large- and medium-sized bodies of water in the mid and lower reaches of the Chang Jiang, the southern ocean islands, and the open sea fishing industry must be accelerated. In addition, changes in consumer demand must be met, the development of aquatic products processing accelerated, and the variety and quality of aquatic products steadily improved. While continuing to ensure the supply of aquatic products to large- and

medium-sized cities, active efforts must be made to supply markets in remote areas, industrial and mining enterprises, medium and small cities and towns, and the far-flung rural villages. Favorable opportunities should continue to be seized to open international markets to increase export foreign exchange earnings. In view of the relatively low vocational quality of workers in the fishing industry, more must be done to spread aquatic products skills, to provide technical services, and to train personnel at many different levels and in many different ways in order to keep up with the rapid development of the aquatic products industry.

Attention to administration means better administration of the industry and of fishing industry policies in which the keys are inculcation of service concepts, improvement of work style, better management techniques, and rationalizing management relationships. During the near-term, firm attention must be given to the issuance of permits, checking of qualifications, formulation of standards, the making of laws and regulations, and the founding of trade associations in order to give substance to the building of a macroeconomic regulation and control system, and regulation of the fishing industry according to law.

Farm Machinery Units Must Provide More Service

92CE0306E Beijing NONGMIN RIBAO in Chinese
8 Jan 92 p 1

[Article by Reporter Dong Hanying (5516 3211 5391) and Correspondent Wang Zenong (3769 3419 6593): "Pay Attention to Important Matters To Produce Results and Raise the Level of Farm Machinery Administration"]

[Text] Recently personnel concerned in the Ministry of Agriculture Farm Mechanization Department revealed to the correspondent that in implementing *CPC Central Committee Decisions on Further Improvement of Agricultural and Rural Work*, the Farm Machinery Department proposed the basic requirement of "pay attention to important matters to produce results and raise the level," devoting firm attention to several major matters that affect the overall situation to obtain results in increasing agricultural output in order to increase earnings, making every effort to do a more solid job in farm machinery administration. One of the most important

things to be done is to improve the building of the farm machinery service system. The Farm Mechanization Department hopes that, insofar as their own circumstances permit, all jurisdictions will strive to make farm machinery service organization development plans a part of overall development plans for local rural villages. An increase in the number of service organizations is completely necessary; however, an even higher degree of serious attention should be given to service functions. Statistics show that 38 percent of the 43,000 township and town farm machinery stations in the country still provide no service functions. The next task is to invigorate these service organizations. Furthermore, newly founded farm machinery service organizations should not be large in size from the very outset, but they should perfect their functions and they should also develop vitality. Supplying fuel for farm machines, supplying spare parts, and the servicing of farm machines are services that the broad masses of farm machinery owners most welcome. Farm Mechanization Department director Song Shuyou [1345 2885 0645] said that he was determined to work hard at building such services, and that the building of facilities that provide fuel, in particular, should be accelerated. The Ministry of Agriculture and all jurisdictions are to increase their investment of funds for the building of fuel supply facilities. When circulating funds formerly used for the building of fuel supply facilities come back, they should continue to be used for the building of more fuel supply facilities.

Yet another important matter is the impetus to replace large- and medium-sized farm machines. The present emphasis in farm machinery replacement is on large- and medium-sized tractors and associated farm implements that have exceeded their economic life. The Farm Mechanization Department wants to concentrate energies on solving the problem of sources of funds for replacement, making efforts to find additional funds that can be invested in the replacement of farm machinery from among funds designated for commodity grain base construction, the overall development of agriculture, and for the development of grain farming.

In addition, good organization of mechanized agricultural production is also a key task of farm machinery administrative units. Currently 26 provinces, municipalities, and autonomous regions have organized "tractor cup" competitions. The Farm Mechanization Department wants to try to give greater impetus to this campaign, and to put it on a more solid footing.

Graduates Find Getting Jobs Easier

OW0901185292 Beijing XINHUA in English
1313 GMT 9 Jan 92

[Text] Beijing, January 9 (XINHUA)—Chinese college graduates are getting jobs more easily.

According to the State Education Commission, the Ministry of the Metallurgical Industry needed 16,000 graduates last year, an increase of 5,000 more than in the previous year. Beijing needed 14,000 graduates, an increase of 3,000 more than in the previous year. Southwest China's Zhejiang Province needed 18,000 graduates, 5,000 more than in the previous year.

China practises a residence card system which connects social welfare with residence certificates. In this way, the state controls the population increase of the cities and the flow of graduates between cities and countryside.

The demand for graduates from colleges and universities directly under the State Education Commission is 1.3 times as much as the supply.

The major reason lies in state policies. The Ten-Year Plan for the national economy and social development (1991-2000) and the Eighth Five-Year Plan (1991-1995) require that enterprises and institutions take in more university graduates for better efficiency.

Another reason is that the economic adjustment measures in the recent years have taken effect and the economic situation is getting better. This spurs the demand for people with higher education.

The coming retirement peak of the scientific and technological workers who graduated in the 1950s and 1960s is still another impetus behind the rising demand.

So far, most of the graduates of 1991 have got jobs. The number of graduates allocated to key state construction departments such as energy resources, communications, transportation, raw materials and the defense industry has increased by 8.2 percent compared to 1990.

The allocation situation for graduates influences enrollment by schools of higher learning and vice versa.

Last year there were many students enrolling for courses in agriculture, forestry, medicine, teaching, geology and mineralogy, oil and coal. The schools of agriculture, forestry, geology, minerals, coal and oil directly under the central ministries or departments fulfilled 98.91 to 99.91 percent of their enrollment plans.

Statistics from 20 provinces (cities directly under the central government and autonomous regions included) show that some 700,000 people enrolled for teachers' training schools, six times the figure in the enrollment plan.

Article Stresses Need for Young Teachers 'Army'

HK1812001991 Beijing QIUSHI in Chinese No 21,
1 Nov 91 pp 40-44

[Article by Ye Chunsheng (0673 2504 3932): "Building Up an Army of Young Teachers Is a Strategic Task of Universities, Colleges"]

[Text] Following the development of higher education, Chinese universities and colleges have initially built up an army of politically dependable and professionally competent teachers. This army of teachers is basically of a rational structure, and they are capable of teaching a full range of subjects. A solid foundation has thus been laid for ensuring the further development of higher education, training qualified personnel for socialist construction, and extensively conducting international academic exchanges. However, due to historical reasons and mistakes made in the work in the preceding stage, the task of building up an army of university and college teachers, particularly young teachers, to meet the needs of socialist modernization and the development of higher education in the 1990s and the next century has become a matter of public concern, one which brooks no delay. Take the universities and colleges in Jiangsu Province, for instance. At present, teachers over 46 years of age account for 43.3 percent of the total number of teachers, those aged between 35 and 45 years only account for 12.4 percent, and young teachers under 35 years of age make up 44.3 percent. The percentage of the middle group is obviously too low. The problem is even more serious if we look at the age structure of senior and middle-ranking teachers. Among the 70 institutions of higher learning in Jiangsu, 78.9 percent of professors are over 55 years of age, and 79 percent of associate professors are over 50 years of age. Reckoned according to the rule that professors can defer retirement till after their 65th birthday, 79 percent of our existing professors and associate professors will retire within the next decade. A large number of teachers capable of providing supervision at the doctoral level are becoming senile and there has been a lack of successors. The cause of socialist construction badly needs the maturing of an army of young teachers to take over the heavy burden of educating people. The existing army of young teachers cannot keep up with objective needs and is unstable. This accounts for the universal presence of a "fault line" in universities and colleges.

On the surface, the "fault line" in the army of teachers is a question of age, but on a deeper level, it is a comprehensive issue which covers ideological and political qualities, professional expertise, and other qualities. As far as ideological and political qualities go, we can see that young teachers are definitely lagging behind teachers of the older generation and the actual needs of socialist construction in terms of political steadfastness, their love for and loyalty to education, their awareness in imparting knowledge and educating people, their sense of responsibility toward work, and a rigorous scientific approach. They also suffer from varying degrees of misunderstanding of the conditions regarding the

country, the workers and the peasants, and lack sufficient mental preparation for building an enterprise through arduous effort. As far as their professional expertise goes, some of them lack a solid groundwork of basic knowledge and are generally weak in their ability to put their knowledge into practice. In general, course leaders of the new generation are badly in need of training. The "Proposal of the CPC Central Committee for Formulating the 10-Year Program and the Eighth Five-Year Plan for National Economic and Social Development" pointed out: "The building up of a powerful and prosperous country and the rejuvenation of the nation depend on people of ability, and the bringing up of people of ability depends on education." Teachers play an important role in the promotion of education. The building up of an army of young university and college teachers is a task of strategic significance which spans this century and the next. We must make every effort to perform this task well.

At present, many educational institutions have already attached importance to the strengthening of the ranks of young teachers. They have taken some measures in this connection and achieved satisfactory results. However, their understanding of the significance of some issues has yet to be deepened, and they still need to do something about the aim, the overall approach, and the scientific nature of some of their measures. In particular, it is still necessary to achieve further unity of thinking on how to correctly handle the relationships between political and professional qualities, between theory and practice, between putting the emphasis on training within the country and opening to the outside world, between the internal environment of schools and the social environment, and so on in building up an army of young teachers.

1. Socialist modernization needs people of ability, people with both ability and moral integrity, people who are both red and expert. The same requirement applies to teachers. They must not only be red and expert themselves, but must bring up students who are both red and expert. Thus, in the work of training and improving the quality of young teachers, the all-round improvement of their ideological and political qualities and professional expertise is of particular importance. Neither aspect is to be neglected. A few years ago, some people one-sidedly emphasized the improvement of ideological and political qualities and neglected the improvement of professional qualities. This was followed by the tendency to replace politics with professional expertise and slacken ideological and political education. As a result, some young people were unable to resist the ideological trend of bourgeois liberalization and lost their sense of responsibility in imparting knowledge and educating people. On the other hand, hostile forces abroad have always taken our institutions of higher learning as the primary targets in their attempts at infiltration and peaceful evolution against China. The struggle between infiltration and counterinfiltration, between subversion and countersubversion and between peaceful evolution and counter-peaceful-evolution has

never ceased. This grim fact requires that the vast numbers of teachers, especially young teachers, embrace a firm socialist belief and the idea of wholeheartedly serving the people, and acquire the ability to fight infiltration, subversion and peaceful evolution. Only in this way will they be truly able to undertake the arduous task of training builders and successors of socialism and helping young students at large embrace a correct world outlook, outlook on life, and sense of value.

A few years ago, the ideological trend of bourgeois liberalization spread unchecked for a time because the party's leadership was downplayed and ideological and political work was weakened. The theory that Marxism-Leninism had become outdated caused a temporary clamor. Because of this, many young teachers failed to lay a solid foundation of Marxist-Leninist theory during their college years. Hence the need to emphasize the study of Marxism-Leninism-Mao Zedong Thought, for they must make an earnest effort to make up for the lessons missed. Some people believed that while it was necessary for teachers of liberal arts subjects to study Marxism-Leninism, there was not much need for teachers of science and engineering subjects to do the same. This shows that they lacked a profound understanding of Marxist-Leninist theory. Marxism-Leninism scientifically reveals to us the general law governing the development of nature, human society and thinking. It represents the advanced world outlook and methodology of the proletariat; it is our sharp ideological weapon for knowing and transforming the world. It not only provides a scientific epistemology and methodology for the study of social sciences, humanities and other sciences, but also provides a scientific epistemology and methodology for natural science, engineering and technical sciences. Through long years of practice, many outstanding teachers have learned to appreciate the role played by Marxist theories in their professional research and teaching, as well as the benefits of these theories to their own growth. Thus, making a conscious effort to study Marxism-Leninism, apply the Marxist-Leninist stand, viewpoint and method to analyze and solve problems, and do a good job of imparting knowledge and educating people constitute an important aspect of the self-improvement of all university and college teachers.

Although we emphasize the need for teachers to study Marxism-Leninism and embrace a Marxist-Leninist world outlook, it does not mean that we can ease our demands on the professional quality of teachers. Universities and colleges need an army of teachers who are both politically and ideologically firm and professionally proficient. The new technological revolution in today's world is having a great impact on the development of the productive forces in China. The development of the Chinese economy is gradually moving into the orbit of relying on scientific and technological progress and the improvement of the quality of laborers. Universities and colleges shoulder the formidable task of training scientific and technological personnel, developing science and technology, and improving the quality of laborers. Young teachers must show great aspirations in their

professional pursuit, but they must also show a willingness to study with an open mind. They must see their inadequacies, keep a close watch on the latest developments in their own specialties, and strive to arm their students' minds with the latest scientific knowledge. In this connection, we must oppose empty and exaggerated talk and must promote a steady and steadfast style of study. Comrade Deng Xiaoping pointed out: "Teachers are the key to a school's success in training personnel suited to the needs of our socialist construction, that is, its success in training workers who have both socialist consciousness and a good general education and who are highly developed morally, intellectually and physically." Universities and colleges should, in a conscious and planned way, closely combine the improvement of young teachers' political quality with the improvement of their professional quality.

In order to train a generation of young teachers who are both red and expert, we must fully bring into play the exemplary role model of teachers with party membership. Party organizations in schools must strengthen education, management and supervision over teachers with party membership, seeing to it that they conscientiously fulfill their obligations as party members, set strict demands on themselves in accordance with the requirements for party members, and influence and motivate the ranks of young teachers with their correct ideas and actions. If all our young party-member teachers can fully bring into play their model and backbone role, firmly bear in mind their political responsibilities, and help other teachers embrace a fine teaching style as teachers who are both socialist-minded and professionally proficient, then the goal of improving both the political quality and the professional expertise of the ranks of young teachers can definitely be achieved.

2. There are mainly two ways to train and improve the quality of teachers, namely, the intensification of theoretical studies and participation in social practice. These two approaches must be properly combined. Young teachers must attach great importance to tempering through practice. Of course, this does not mean that they can slight theoretical studies. On the contrary, we should create better conditions for teachers to obtain books, data and information more readily, extensively and promptly. The thing is, we must also make a special point of organizing young teachers to take part in social practice. We must organize young teachers to go deep into the realities of production to mingle with the workers and peasants in order to familiarize themselves with the conditions of the country and put their special know-how into practice. For a long time, we have neglected the work of organizing young teachers to take part in necessary social practice. This accounts for their ignorance of the conditions regarding our country and our workers and peasants, even the tendency to look down upon workers and peasants and on labor. Last year, Comrade Jiang Zemin pointed out at a rally of young people marking the May 4th Movement in Beijing: After the May 4th Movement, "some of the most

politically conscious intellectuals accepted Marxism-Leninism. They found in it the most powerful ideological weapon for knowing and changing China, began to integrate themselves with the masses of workers and peasants, and found in them the most profound social force for the Chinese revolution." No doubt this road is also the only road for the healthy growth of today's youth. The tasks of universities and colleges in educating people, conducting scientific research and providing social services all serve socialist construction and the masses of the people (with the workers and peasants as the mainstay). This very fact determines that teachers, as the mainstay of universities and colleges, must plunge into society, fully understand the conditions regarding our country and the workers and peasants, clearly understand their own historical mission, closely combine theoretical studies with an understanding of our country and the workers and peasants, and take the road of growing up through integrating themselves with practice and with the workers and peasants. This is also an important aspect of the development of socialist higher education with Chinese characteristics. As Lenin pointed out, the intelligentsia must "combine its education, teaching, and training with the labor of the workers and peasants, so as not to shut itself up in its schools and not to confine itself to reading communist books and pamphlets. Only by working side by side with the workers and peasants can one become a genuine communist." (Lenin: "Tasks of the Youth Leagues") Only by taking root in the realities of China and in the masses of workers and peasants will they have an inexhaustible source of strength. During the past two years, many universities and colleges organized large numbers of young teachers and students to take part in social practice and to conduct investigation and study in factories and villages. Through these activities, they personally experienced the hardships and difficulties on the front line of production. They were of the unanimous view that they had gained a lot, found the answers to many ideological questions, and come to fully realize the superiority of socialism.

While redoubling their efforts to study theories in their respective fields of specialization and impart theoretical knowledge, young teachers must integrate themselves with productive labor. Some comrades believed that social production required a lower level of professional expertise. They questioned the need for young teachers to integrate themselves with productive labor in their efforts to improve themselves. We say that the masses of laboring people are the creators of history, and that their practice in class struggle and the struggle for production is the motive force behind the development of history. The front line of production is an important classroom where young teachers can improve themselves. It is also the place where intellectuals can "show their prowess." Lenin pointed out: "Without the integration of education and productive labor on the part of the younger generation, the ideals of the future society would have been inconceivable: Neither teaching and education divorced from productive labor, nor productive labor

which does not simultaneously provide teaching and education, can achieve the high standards required by the present state of modern technology and scientific knowledge." (*Collected Works of Lenin*, Second Edition, Vol 2, p 461) Today, some university and college teachers would rather "go abroad" (meaning to further their studies abroad) than "stay with the land" (meaning to go down to the grass-roots level to take part in social practice). While "going abroad" is a way of cultivating people, "staying with the land," that is, taking root in the land of China and taking root among the masses of workers and peasants, is the road Chinese intellectuals must follow in their growth. The purpose of "going abroad," namely, to master the advanced science, technology, and management experience of other countries, is ultimately to better serve socialist construction. If we only want to "go abroad" and refuse to "stay with the land," and are unable to combine what we have learned with the realities of China and apply it in actual production in China, useful knowledge will not be made full use of, and will even be shelved as useless foreign dogma. In the course of integrating theory with practice, we naturally must bear in mind the subjects young teachers are teaching as well as the characteristics of their specialties. The ways natural sciences and social sciences, theoretical subjects and practical subjects are integrated with productive labor should be different.

Here, we must point out in particular that there is a difference in principle between our idea of young teachers integrating themselves with the masses of workers and peasants and the "Cultural Revolution" practice of open-door schooling which rejected the teaching of basic knowledge and theory. In those days, "integration" actually sought to transform intellectuals as "dissidents." It was somewhat punitive in nature. Today, young teachers form part of the working class. They belong to the worker-peasant alliance. As equals, they integrate themselves with the workers and peasants in order to understand the conditions regarding the country and the people and to better serve the country and the people. They are completing this required course in the big classroom of society. The integration is two-way, that is, while learning from the masses of workers and peasants, young teachers will also promptly apply the cultural and scientific knowledge and results of scientific research within their grasp in actual production in order to promote scientific and technological development and the popularization and application of new technologies and to increase social productivity and the ability of the masses of workers and peasants to carry out production the scientific way. For instance, the Jiangsu Academy of Agricultural Science integrated the tempering of young teachers through practice with the task of helping the poor in northern Jiangsu through scientific and technological advances. Both sides benefited a great deal through this arrangement.

3. Training young course leaders is an important task in the building of an army of young teachers; it is also the key to the solution of the "fault line" question in the army of teachers. The teaching and research standards of

course leaders generally represent the standard of a school in a particular course. They represent the teaching quality of that school. Programs should be formulated for the training of teachers as a whole and young course leaders in particular on the basis of the level and type of particular schools within the framework of higher education and in accordance with the requirements of different subjects and specialties. On the basis of the overall improvement of the quality of young teachers, we should encourage young teachers to gain professional proficiency and strive to scale the heights of science and technology. They should not be afraid of becoming too conspicuous. This is something totally different from seeking fame and gain. Where conditions permit, young teacher funds should be set up as a policy of encouraging outstanding young teachers to show their talents. This can be done through the presentation of awards, such as teaching quality awards, scientific and technological achievement awards and education awards, or through the assessment of job titles. Regarding selected subjects with unique qualities, a policy of encouragement should be adopted to strengthen the ranks of middle-aged and young teachers and preserve the superior position and distinguishing qualities of the schools involved.

Some schools show two tendencies on the question of training young teachers. One is the phenomenon of "everybody eating from the same big pot," that is, stressing seniority or practicing egalitarianism on such questions as job assessment, further studies and granting permission to study abroad. The other is the tendency to stress the setting up of models, that is, letting a single flower bloom, at the expense of the training and improvement of young teachers at large. In our opinion, the selective training of young course leaders and the general improvement of the ranks of young teachers should be properly coordinated. We should stress the need to create a fine competitive environment, work on the improvement of all young teachers and, on the basis of a generally high standard, select outstanding academic cadres. On the other hand, we should stress the need to give special training and help to course leaders, so as to achieve the coordinated effect of one person leading one group, and one group leading many. This will promote the general improvement of young teachers.

What merits attention is that institutions of higher learning, particularly multidisciplinary universities and liberal arts universities, should attach special attention to the bringing up of young Marxist-Leninist theorists and educators in the course of training course leaders in an effort to turn themselves into the gardens of Marxist-Leninist education and the cradles of qualified Marxist-Leninist personnel. On the basis of conducting Marxist-Leninist education among the vast numbers of young teachers and improving the Marxist-Leninist theoretical level of these teachers, we can precipitate the birth of young Marxist-Leninist theorists and educators. In doing this, we shall not only make a universal demand on young teachers to study Marxism-Leninism but open a way for educators who are familiar with the laws of

higher education and who have specialized knowledge to become Marxist-Leninist theorists.

4. We must combine training provided within the country with the extensive promotion of international exchanges. "Maintaining independence and keeping the initiative in our own hands" has been an important principle followed by our country in socialist construction. Under the new situation of reform and opening to the outside world, this principle is still of great significance. Reflected in the training of university and college teachers, this means that we must base ourselves on training within the country. Over the years, our institutions of higher learning have, under the guidance of this principle, trained large numbers of qualified persons for socialist construction, including many famous experts and scholars, and have provided universities and colleges with large numbers of teachers. As the economy of our society develops, our universities and colleges are now enjoying better conditions in many respects. Some of our laboratory equipment is of the highest standard in the world. Thus, it is actually possible for us to base ourselves on training within the country. In particular, some of our key universities have the conditions and ability to shoulder the task of training teachers for other institutions of higher learning. At the same time, we must also see that as reform and opening to the outside world is a basic policy of our country, we must ensure that our higher education can keep up with the world trend of development. We must improve the standard of our teaching and research, lose no time in extensively promoting international exchanges and cooperation, and select scholars for overseas studies and visits. Since the beginning of reform and opening to the outside world, we have achieved great successes in international academic exchanges. A large number of scholars and students have since returned from their studies abroad. Many of them have become the backbone of the army of teachers or course leaders, and some of them have become leading faculty members of universities and colleges. They are playing an important role in our higher education. In the future, we must continue to unswervingly implement the reform and open policy. Even though some people have not promptly returned upon the completion of their studies, we should not abandon the practice of sending students abroad. We should have faith that the majority still care about the development of their motherland and can make contributions toward their own country. In the days to come, we should, on the basis of work done in the past, concentrate on summing up experience and take further steps to improve this work. We should, on the basis of actual needs, choose those young people who are willing to serve their country, their nation, and socialism to study abroad so as to improve the effectiveness of training and so that they can upon their return make use of what they have learned. Of course, we must not neglect to mention the fact that people tend to think of going abroad once they think of further studies for teachers, a fact which has affected the stability of the ranks of teachers. We must have full faith in, and bring

into play, the superiority of our own universities and colleges, and strive to increase our ability to provide further training for teachers within the country. In fact, only by continuously improving the teaching and research standards of our universities and colleges and developing the training of high-caliber personnel in both quantitative and qualitative terms can we provide a solid foundation and achieve good results in international exchanges and cooperation.

5. We must properly handle the relationship between building up the internal environment of universities and colleges and striving to improve the external environment. The relationship between the macroenvironment of society and the microenvironment of a school is one of dialectical unity. The macroenvironment of society restricts the microenvironment of a school, but the macroenvironment is the product of the microenvironment, and the building up of the microenvironment can help improve the macroenvironment.

The building up of the army of university and college teachers has a vital bearing on the prosperity of the country and the rejuvenation of the nation. It needs the concern and support of the whole society. Leaders at all levels should attach special importance to this task which spans this century and the next. They must strengthen their leadership and put this task in an important place on their agenda. We must make positive efforts to implement the party's policies toward intellectuals, and develop in the whole society a fine atmosphere of respecting knowledge and respecting qualified persons. We must strengthen party building in universities and colleges, and show concern for the growth of young teachers politically and ideologically. We must pay attention to helping young teachers overcome difficulties in everyday life. Although the solution of some problems has to be deferred to a time when our economic strength has been improved, we should not take this as an excuse. We should do our best to solve problems that can be solved at this stage, or at least can be solved at this stage with some efforts.

As far as universities and colleges go, we should also see that we have already achieved notable results in economic improvement and rectification and the deepening of reform, and have done a lot of work in fighting corruption and promoting clean government. The ideological trend of bourgeois liberalization has been curbed and criticized. At present, political and social stability prevails and the people generally feel reassured. The macroenvironment of society is heading in a direction favorable to the healthy growth of young teachers. Of course the improvement of the social environment takes time. We cannot just sit and wait for the further improvement of the macroenvironment. We should set our minds on the building of the internal environment of schools, and base ourselves on the building up of the microenvironment while striving for the improvement of the macroenvironment. Universities and colleges must effectively improve their work; deepen the internal reform of their education, teaching, and management

systems; and create an internal environment that can best enable teachers to display their wisdom and resourcefulness to the full. From the party and government leadership of the school to the leadership of every department, division, section, and office, each must play

a part in management. With the coordination of all concerned, we can develop an internal mechanism that is favorable to the training of young teachers. In this way, young teachers can healthily mature in a fine environment of growth.

Commander Zhang on New Direction for Navy

92CM0137A Hong Kong KUANG-CHIAO CHING
[WIDE ANGLE] in Chinese
No 230, 16 Nov 91 pp 22-27

[Article by Kuan Ching-fu (7070 1987 4395): "Zhang Lianzhong (1728 6647 1813), Commander of the PRC Navy, Discloses Latest Movements of the PRC Navy"]

[Text] Intensified "Taiwan-Independence" Movement Strains Relations Between Two Sides of the Strait

In the last two months the relations between the two sides of the Taiwan Strait, which had already seen a relaxation, have again become tense.

Yang Shangkun (2799 1424 2492) Issues Stern Warning: Engaging in "Taiwan Independence" Means Playing With Fire and Inviting One's Own Destruction

At a rally on 9 October commemorating the 80th anniversary of the 1911 revolution, President Yang Shangkun, ultimately in charge of Taiwan affairs, sharply criticized and attacked the "Taiwan independence" movement. He accused the Taiwan authorities of conniving with the Taiwan independence movement and declared that interference by any external forces would under no circumstances be permitted, and that any move toward splitting Taiwan off of the territory of China would certainly not be viewed with indifference. Yang Shangkun said: "During the last few years, a great change has occurred in the relation between the two sides of the strait and mutual contacts are rapidly increasing, which is beneficial for the peaceful reunification of the motherland. For quite some time now, however, the Taiwan authorities are stubbornly maintaining a policy of "opposition to communism and rejection of peace," are opposing the "three exchanges," are actively pursuing "elastic diplomacy," and in actual fact carrying out a policy of "two Chinas; one China and one Taiwan." Some persons are even showing a tolerance toward "Taiwan independence" activities and conniving with that movement. Recently, the "Taiwan independence" forces on the island of Taiwan, swelled with arrogance, have started activities toward splitting the country and splitting the nation, have trampled underfoot the aspirations of our compatriots on both sides of the strait, and thereby, as a matter of course, evoked the resolute opposition of people of all nationalities throughout the country. As some men with breadth of vision on Taiwan have pointed out: Those who propose splitting the country are rendering service to aggression against China by the big powers. There are now indeed some foreign forces that egg on the "Taiwan independence" elements to split the motherland so as to allow them to fish in troubled waters. I repeat my stern declaration: Taiwan has from ancient times been Chinese territory. Reuniting the Chinese motherland is an internal political affair of China, and no external force will be allowed to interfere. Any move to split Taiwan from China will not have us stand idly by. If Taiwan should ever be separated from the motherland, it will have no future and will certainly end up being seized by certain international forces. I

want to sternly warn that small bunch of splittist elements who so eagerly hanker after "Taiwan independence," not to misjudge the situation; those who play with fire will perish by the fire. None has ever fared well who pursued splitting off territory, and any attempt to destroy the unity of the motherland is definitely bound to fail.

At this juncture, the movements of the PRC Navy are again attracting widespread attention.

Review of Naval Forces in Fujian; Chen Shuqing (7115 2885 3237), Commander of the Fujian Military District Took the Salute

In the afternoon of 30 September 1991, the Fujian military district, which is located opposite to Taiwan on the Taiwan Strait, held a review and military exercises of people's militia at Sanming City. Major General Chen Shuqing, member of the standing committee of the Fujian Provincial CPC Committee and commander of the Fujian military district reviewed the people's militia in the company of the secretary of the Sanming Municipal CPC Committee and fist secretary of the Sanming military subdistrict CPC party committee Zhou Houwen (0719 0624 4489).

At the present review, the regional formations from the various counties (also the municipality and prefecture) of Sanming and the local formations of the Sanming Steelworks militia, altogether over 1,200 persons, took part. There were 12 events of military exercises, the women's medical corps demonstrated dressing wounded on the battlefield, the infantry held field shooting exercises, and there was shooting of mortars.

"Be Ready To Assemble at the First Call and then Capable of Fighting"

In his speech at the military review, Chen Shuqing, commander of the Fujian military district, said: From the high plane of military strategy we must recognize the importance of strengthening the buildup of reserve forces in our national defense, upholding party control of our arms, and energetically enhance the buildup of Fujian's reserve forces in the national defense, in line with the demand that people's militia work be conducted to "perfection in the three aspects" [organizationally, politically, militarily] and "to be ready to assemble at the first call and then capable to fight."

At the same time, in the morning of 30 September 1991, the Fujian naval units stationed at Ningde, Fuzhou, and Xiamen held a review ceremony.

Rear admiral He Linzhong [0149 2651 1813], commander of naval forces stationed in Fujian, and political commissar rear admiral Huang Tiexu [7806 6993 7312] reviewed the naval units. Taking part in the review were the officers and men of the warships "Xiamen" and "Nanping," the frigates "Ningde" and "Haishang Menghu", all having on several occasions distinguished themselves in battles with the naval forces of the Kuomintang [KMT], also medical and nursing personnel, women's communication units, and also officers and

men of a fleet of service vessels stationed in Xiamen, which in 1991 was designated "model service vessel fleet."

The KMT and the Democratic Progressive Party [DPP] are Both Probing the Degree of "Tolerance" of the PRC

Just at this time when the DPP has openly proclaimed "Taiwan independence" to be a part of its political program, and when the KMT and the DPP are both probing the degree of the PRC's "tolerance" and determination to oppose any separation of Taiwan from China, the military and naval activities in the Fujian deserve utmost attention.

Zhang Lianzhong Declares, Should the "Taiwan Independence" Movement Come to Power, PRC Forces Will not Stand By Idly

Not long ago, Zhang Lianzhong, commander of the PRC Navy, declared at an important internal military event: If the "Taiwan independence" movement comes to power, the PRC Navy would not remain an idle bystander. He demanded heightened alertness of all units of the navy.

He recently also emphasized at a press interview, that the PRC Navy during its 42 years of existence has had over 1,200 hostile encounters in defense of China's territory. With particular emphasis and on his own accord he also gave information on the new development of China's five branches of the service, which comprise such forces as submarines to serve on blockade duties, a marine detachment for amphibious warfare and for landing operations, and a naval air force.

Zhang Lianzhong was appointed navy commander in 1988, succeeding Liu Huaqing [0491 5478 4428], who became vice chairman of the CPC's Central Military Commission. It is now almost four years since Zhang's promotion, and this was the first time that he gave the press some information on the history of the PRC Navy and of its recent developments.

In 42 Years of its Existence, the PRC Navy Fought Over 1,200 Engagements

On 23 April 1949, the PRC declared the establishment of an East China Military District navy at Baimamiao, Taizhou, in Jiangsu Province.

On 14 April 1950, in accordance with an instruction from the CPC's Central Military Commission in their telegram "On matters of unifying control and command of the people's naval forces and naval vessels at various locations," China established the naval command headquarters in Beijing. From that time on, the navy became an important branch for the PRC's military establishment.

Since its inception 42 years ago, the PRC Navy has fought over 1,200 engagements with foreign forces, some of these were the Wanshan naval battle, the 1986 naval battle, the naval battle east of Chongwu, the Paracel islands naval battle, the naval battle at Chigujiao of the

Spratly islands, all engagements that have attracted international attention. According to statistics, the PRC Navy has sunk, damaged, or captured several hundred enemy naval vessels, shot down or damaged several hundred enemy airplanes, killed and captured thousands of enemies in the various naval engagement. The commander of the PRC Navy, rear admiral Zhang Lianzhong, declared to reporters: The PRC Navy has recently again accomplished further developments in military and political respects, as well as in logistics, equipment, scientific research, and in the establishment of training institutions.

Navy Commander Zhang Lianzhong Revealed New Developments in Five Large Branches of the Navy

Zhang Lianzhong said: "The PRC Navy has developed into a military branch that comprises surface warships, submarines, a naval air force, a naval shore protection force, a marine detachment, etc., forming a fighting force of modern scope, ready for battle in nearby waters. As to its equipment, the present trend of developments is toward guided missiles, electronics, nuclear capability, and automation, to be gradually achieved through repairing and refitting old vessels, purchases from abroad, constructions with transferred technologies, constructions after existing models, with some improvements, and other such processes, aiming at working out ways to do all constructions with China's own means.

According to Zhang Lianzhong's revelations, the number of main warships of various types now in service in the PRC's navy is about 10 times of what it was 10 years ago. The surface fleet is now provided with guided missile destroyers, guided missile escort vessels, guided missile ships, submarine chasers, minesweepers, and landing crafts. The guided missile destroyers have been designed and constructed by China itself as multi-function, medium-sized surface vessels, and they are now one of the main components of the Chinese surface navy; the modern-type guided missile escort vessels are also one of the main components of the Chinese surface fleet. In recent years, the Chinese navy has continuously improved its guided missile escort vessels and added new weaponry and equipment.

Zhang Lianzhong revealed: In October of 1985, the first technically advanced enclosed-type guided missile escort vessel for the Chinese navy was successfully launched. This indicates that modernization of the equipment on Chinese naval vessels has taken a great step forward.

China's Submarine Strength

The submarines have a larger range of operation, are more secretive in their movements, and are better capable for surprise attacks. China has a very long coastline, has more than 6,500 large and small islands, and this prompted Zhang Lianzhong to remark: At the same time as the PRC Navy was developing its surface fleet, it was also giving serious attention to the development of its submarine fleet. Apart from constructing submarines with conventional motive power, the navy

also built submarines moved by nuclear power. The radius of operations was also gradually expanded. On 12 October 1982, China for the first time successfully tested a carrier rocket fired from a submerged submarine. China itself had developed this first-generation concealed carrier rocket which accurately came down at the designated sea area. On 27 September 1988, a Chinese submerged guided missile nuclear submarine was successful in firing a carrier rocket, a fact which marked a new milestone in the sophistication of the rapidly developing Chinese defense technology.

**Lieutenant General Wang Xugong [3769 4872 1872]
Took Over the Naval Air Force**

The naval air force was developed following the development of the navy's fleet of surface vessels. On 8 June 1950, the PRC's Navy established its first aeronautical college. By now, the naval air force has already developed from the initial one and only type of airplane to a great variety of different air force units, possessing fighter planes, attack planes, bombers, helicopters, reconnaissance planes, transport planes, hydroplanes, antisubmarine planes, and patrol planes. This air force can fulfill a multitude of tasks, such as air defense, attack, protection, reconnaissance, search, rescue, mine laying, and vertical supplying. As has been revealed, the PRC's naval air force has also been successful in recent years in developing long-range, attack-effective special types of airplanes. The newly appointed commander of the naval air force is now lieutenant general Wang Xugong, who recently took over from lieutenant general Li Jing [2621 2529].

**The Marine Detachment, Trained for Amphibious and
Landing Operations**

The marine detachment is an important branch of the navy. The PRC Navy started as early as 1954 to organize a marine regiment, a marine division, and a land and water tank corps, but these were later disbanded. On 20 December of 1979, on orders from the CPC Central Military Commission, the navy again organized a marine detachment. The present marine detachment of the PRC Navy comprises marine infantry, armored car infantry, artillery, armored cars, engineering units, anti-chemical warfare units, and communications units. They are equipped with weapons and general and ferrying equipment for any kind of amphibious operation and with equipment for landing operations. The special quality of this equipment, all manufactured in China, is that it is mostly motorized, light and easy to use, and efficient and powerful in its application.

The duty of the shore defense force is to protect the naval bases, ports, and important coastal regions. The shore defense guns are of longer range than ordinary land-based guns, of greater precision, and of more sophisticated technology. In August of 1950, the navy set up an artillery academy, in October of 1950, the navy formed its first navy artillery battalion. Since the 1970's, the PRC Navy gave particular attention to guided missiles in

shore defenses, and also employed some new technologies and new methods which have enhanced the active and passive defense capabilities. At present, the defense forces have been provided with various fixed and mobile shore and ship guided missiles, so that the Chinese shore defense force has truly gradually be transformed into a shore defense guided missile force.

Coastal Defense Projects Number More Than 700

Zhang Lianzhong revealed: As to coastal defenses, the navy has carried out during the 42 years of its past over 700 coastal defense projects, with a total investment of 1 billion yuan RMB. Fourteen out of these projects are of advanced domestic levels. By now, the navy has basically completed a well coordinated system of navy stations (airplane stations), a command communications and base defense system, and a training and technical logistics system, which can well satisfy the navy's requirements for combat and for training, as well as for adequate living conditions for its personnel, and which, furthermore, laid a good material foundation for future battle conditions.

As to ensuring technological logistics, the PRC Navy, in efforts that extended throughout the 40-odd years, has initially formed a system that will guarantee support for sea operations. By now, the navy has several hundred logistic support ships of various kinds, with a tonnage that is almost double of what it was 10 years ago. During the last few years, through a reform of the logistics support system, the PRC Navy has not only ensured shore base defenses, but simultaneously expended great efforts on raising the capacity for the effective support of mobile actions on sea, and thereby further strengthened its overall assured support of sea operations. For the repair of equipment, the Navy has instituted a system of "centralized control and administration and comprehensive repairs," which reduced repair times, and further improved capability and quality of repairs for naval vessels.

"During peacetime, the Chinese naval units actively support the national construction, and perform such tasks as quick rescues in cases of emergencies, protection of fishery and shipping, and assistance to the exploitation of marine resources and to ocean transportation." Having said this, commander Zhang Lianzhong asked some assistant to provide the reporters with two sets of statistics:

The first set of statistics showed the PRC Navy's participation and assistance in over 5,300 engineering projects of the state and of local authorities, including 42 projects in connection with the Qinshan and Dayashan nuclear power stations, the "yin huang ji qing" [1714 7806 3444 7230] project in Qingdao, and the Jiuzhou harbor project in the Zhujiang special economic zone. The Navy was also called upon in over 200,000 cases of rescue operations, and rescued over 7,000 ships in distress and saved the lives of over 40,000 people.

The second set of statistics laid out details of the major tasks entrusted to the Navy by the state during the last 10 years.

Underwater Launching of Carrier Rockets and Testing of Communication Satellites

On 18 May 1980, China conducted its first scientific test of launching a long-range carrier rocket from China to the South Pacific. The Navy had despatched escort vessels to ensure the trajectory, to deal with any maritime and other affairs, and outstandingly accomplished its tasks of giving warning in the affected region of the sea, and to recover the module with its scientific data.

On 12 October 1982, the Navy, together with other relevant departments, organized the Chinese test launching of a carrier rocket from a submerged submarine, and achieved complete success. It was equally successful in two further test launchings in 1985 and 1988 of carrier rockets from submerged submarines.

In April of 1984, the Navy, in coordination with China's test launching of a communication satellite, successfully established a tracking station.

During the period from 20 November 1984 to 10 April 1985, the PRC Navy dispatched a ship and a team to Antarctica to cooperate with the antarctic exploration unit. They accomplished the tasks of transporting materials and instruments, of helping build up a station, and of rescue and assistance at sea.

In 1988 the PRC Navy, together with other relevant units, completed the task of building an observation station on the Chinese Spratly islands, when they also thwarted a Vietnamese attempt to obstruct the Chinese establishment of a scientific observation post and to invade Chinese territory in the sea.

Much New Technology Made Available for On-Board Use

Zhang Lianzhong said: "In 40-odd years of effort, the Chinese navy has been developed into a knowledge-intensive, technology-intensive arm of the military with a combination of its own several military subdivisions. Their specialized technologies amount to over 5,500, and its technical cadres exceed ordinary navy cadres by one-half. In the last 10 years, over 2,500 of the navy's science and technology achievements won state and armed forces class rewards, and some of these projects had reached advanced international levels.

Scientific and technological advances are like "locomotives" to the Navy's modernization. Ship construction, weaponry, aeronautics, laser, electronics, nuclear energy, maritime engineering and its new materials, new energy sources, etc., a whole series of new items of science and technology are being used in equipping its vessels and in the general buildup of the navy; the PRC Navy may thus be compared to "a tiger that has grown wings." Representative contingents of the military have made great contributions in equipping the military with new types of weaponry, also in their manufacture, in supervising

manufacture, and in their appraisal. The proving and research center for naval equipment has developed into a proving and research organ with over 100 technical specialties, to provide the navy with data for scientific decisions on the developmental system, seriation, and scope of naval equipment. The PRC Navy has built a comprehensive sea shooting range for the testing of every kind of new weapon or equipment. In the monitoring and testing of theories, techniques, and methods, in the improvement and tested assurance of equipment, several hundred scientific and technological projects have recently been crowned with success, and have been reason to extend the sphere of experimenting from the purely maritime, to the air and underwater spheres, and from following single objectives to developing a variety of objectives. By now, the testing of over 1,000 projects has already been completed."

Development of a Naval Academy

Scientific and technological progress depends on qualified personnel, and the raising of qualified personnel depends on nurturing. The naval academy has in fact become the "main base" for the nurturing of various specialized and highly qualified personnel as needed by the navy. From the time when China's one and only naval academy was officially opened in February of 1950 until today, the Chinese navy has gradually developed a very complete educational system of naval academies, all with their own specialties, suited to the quest for modernization, and each well equipped for its particular specialty. There are altogether 10 academies, with over 200 specialties, including a command institute, a warship institute, an engineering institute, a submarine institute, an aeronautical institute, and a personnel institute. At present, over 70 percent of the scientific and technological cadres added by the navy every year to its establishment come from the naval academies, and quite a few of them have assumed leadership positions of various ranks in the navy and have become its technical experts.

"With regard to military training, we have been emphasizing firm proficiency in tactics, technology, basics, and particularly the training of cadres, but at the same time we have courageously reformed and experimented as to the system, content, and methods of military training. Through separate training for the different classes of war vessels, through organizing a war vessel training center, by instituting a system of proficiency examinations for officers, by instructions in laws and regulations, and by revising the training outline, we have further enhanced the military training in the navy." Zhang Lianzhong emphasized: In recent years the reform has induced three major changes in the military training of the navy:

The Three Major Changes in the PRC Navy Due to Reform

1) From the past priority on training for one particular type of vessel and one particular branch of weaponry, we have gradually turned to training for a large variety of vessels and of weaponry.

2) From the past training in coastal waters nearby we have gradually turned to deep sea training in distant oceans.

3) From the rather simple tactical topics of deep sea training of the past we have gradually turned to a variety of topics of deep sea training, together with rather complex tactics.

Zhang Lianzhong views deep sea training as of particular importance, and the reporters understood from his discussion the way the navy's combat strength at sea was being strengthened.

Following the increase in large and medium-sized vessels, the updating of remote communication and global navigation equipment, and the solution of the problem of supplying ships at sea, the high sea training activities of the PRC's naval units changed from coastal water training to deep sea training in remote waters. Since 1980, the Navy organized a fleet of various types of war vessels to steam into the Pacific Ocean for deep sea training, and the times of such training exercises were double compared to those of the last 30 years. Not only was the scope of these exercises extended, but the content of the training was of a much higher level. From deep sea training of particular types of vessels the training was changed to gradually include fleets of various types of vessels and the participation of various branches of the services. Not only were these exercises more extended in time and to include more subjects, but

they were also conspicuous by including tactical opposition and by raising the command capabilities of fleet commanders on the high seas. The deep sea exercises also provided an opportunity for the naval air force to exercise their duties. In recent years, over 100 warships had participated in the deep sea exercises, and over half of them went into the Pacific Ocean, improving their deep sea navigational abilities and their ability for joint combat actions.

Finally, Zhang Lianzhong told the reporters: The navy has always been regarded, internationally, as the symbol of a state's power. It represents, on a small scale, a state's political, economic, military, and technological strength, as it is also the only branch of the military establishment that can execute military moves in peacetime beyond the borders of its country. A strong navy will not only display national prestige, military prestige, and the high standing of a state's technology, industry, and economics, but will also have a tremendous effect as a strategic deterrent. It is also of inestimable actual and far-reaching significance in resisting aggression from across the sea, in containing hostilities, protecting the sovereignty and inviolability of the country's territory, and in promoting economic developments across the sea. It is therefore a resolve at the highest levels of the Chinese state to continue the further development of the Navy.

Article Views Recent Political Situation

92CM0129A Taipei HSIN HSIN WEN [THE JOURNALIST] in Chinese No 244, 17 Nov 91 pp 48-51

[Article by Tung Ch'ing-feng (4547 3237 1496): "What's Cooking in Taipei Right Now Is But a Rehash of Leftovers From Old Nanking—Recent Situation in Taiwan, Both Inside the Government and in Public Resembles the KMT-CPC Confrontation in the Old Days"]

[Excerpts] "On the morning of 20 May, more than 5,000 students from 16 institutes of higher education took to the streets to demonstrate, and just before they were to assemble at Zhongda's stadium, KMT [Kuomintang] military police locked the university's front gate. The students broke through the tight encirclement and eventually gathered near the bell-tower.

The KMT military police [MP] set up a firstline blockade at the crossroads. About 400 MPs blocked the streets, and two fire engines had their hoses ready and connected. The surrounding 500 sq m [square mile] area was cordoned off. When the demonstrators tried to break through, the MPs hosed the students, beat them with clubs, and seized the flags and banners from their hands. It was a bloody incident."

Those who know Taiwan's social situation in recent years will not be unfamiliar with the date "May 20" and should also be fairly familiar with the above-described actions that the KMT military police took. At first glance, the article seems to be describing a certain "May 20 Incident" that took place in Taiwan, but in fact it is the actual report of how the KMT dealt with the student movement in the Nanking era some 45 years ago. It has been 45 years, and the KMT has since moved from Nanking to Taipei, but apparently its reaction in the face of mass demonstrations has not changed at all.

Not only that, but the KMT has not improved in the way it deals with the political opinions of opposition parties and factions inside and outside of government. Recently, because the Democratic Progress Party [DPP] has added an article on Taiwanese independence to its party platform, the KMT government has asked the Political Party Review Commission to take disciplinary action, and it is possible that the DPP may be disbanded as a result. In fact, 45 years ago, the KMT also used "violation of the law" as excuse to disband the "Democratic League," an opposition faction.

The Democratic League was stuck between two the powers, the KMT and the CPC, and it was not affiliated with either party. It advocated using "non-violent means to overthrow the existing government." But because it "rejected the Constitution" and refuted the legality of the National Assembly, it was looked upon by the KMT as an opposition party which had to be crushed. Soon thereafter, the Democratic League's headquarters were surrounded by MPs and its leaders kept under surveillance by secret agents. Later the Nanking government charged it with such crimes as "taking part in rebellion,"

"refusing to recognize the country's Constitution," and "attempting to overthrow the government" and declared the Democratic League an "illegal organization" and ordered it disbanded. The league immediately issued a statement pointing out that "the KMT government may close down our headquarters, but it can never destroy this league's huge organization at home and abroad, even less can it destroy the democratic movement. On the contrary, this kind of despotic policy can only strengthen the unification of those who believe in democracy."

In this piece of history, we can see clearly that disbanding an opposition party is a very unwise political decision. The aftermath [of the above incident] also proved that disbanding the Democratic League had directly or indirectly contributed to the unification of opposition forces and hastened the demise of the KMT in Nanking. The DPP's Taiwanese independence party platform does not advocate using force to seize political power; rather, it wants to put Taiwan's future to a vote by the citizens. If the KMT cannot tolerate even this kind of political view and wants to disband the opposition parties, then I am afraid it is making the same mistake it made before.

Those who lived through the period of struggle between the KMT and the CPC should find Taiwan's present situation familiar, because too many incidents very much resemble what happened back in those days, and the KMT has made very little progress in dealing with those situations.

Take the recent incident of the secret agents and police's barbaric invasion of the campuses for example. It was no different from the way the KMT dealt with the student movement in the old days. On 1 Dec 1945, from 9 AM to 4 PM, a large group of KMT secret agents and soldiers, carrying arms and weapons of all sorts, barged into the campuses of Yunnan University, Chungfa University, Union College of Engineering, Union Normal University, and the middle school affiliated with Union College where students had been encouraged to go on strike. They smashed furniture and beat up the teachers and students, and as a result, more than 20 teachers and students were injured and 4 died. The tragic incident shocked the whole country. Afterwards, Union College's faculty union issued a statement charging that the thugs who caused the bloodshed were "in fact under brazen orders from Garrison Commander Kuan Lin-cheng [7070 7792 1767]." What is interesting is that, reportedly, one of the main conspirators who ordered the siege of the Taiwan University campus to disperse the students was Chou Chung-nan [0719 0112 0589], also a garrison commander. After 40 years, the role of the garrison headquarters has not changed; they are still resorting to the same old crude tactics. How incredible! [passage omitted]

Back then, the KMT was terrified by the heightening student movement. Chiang Kai-shek himself chaired an emergency State Council meeting to ratify the "Interim

Methods for Preserving Social Order." One of the regulations stated that petitions by civilian groups and student bodies "are limited to no more than 10 people." The reason they gave was their concern for "traffic congestion." This reminds many of the KMT's refusal to allow mass demonstrations today for the same "traffic jam" reason. They are replaying an old tune that is more than 40 years old. But did they even have traffic congestion in the mainland some 40 years ago? One cannot help admire the KMT's vivid imagination.

In order to hang on to the gun barrel and protect its political power, the KMT has continued to refuse to nationalize the army, and to date that has not changed. No matter how much noise the DPP makes, it has been in vain. The truth is, back when the KMT, the CPC, and the Democratic League convened for the Political Consultative Conference, one of the focal points of debate was the question of nationalization of the army. When Liang Shu-ming [2733 3357 3298], a Democratic League delegate, made the motion at the conference, he particularly emphasized that, "nationalization of the army by definition means the army does not belong to any individual, locality, or party and faction." Who would have thought that more than 40 years later, although the DPP has replaced the CPC as its opponent, the KMT is still rehashing the smelly leftover issue of the nationalization of the army. Yet it seems that the KMT still does not understand the meaning of "nationalization of the army"; it takes "nationalization of the army" to mean appointing an army man premier of the Executive Yuan.

The DPP has many talents. Yet even though it was loudly calling for democratic elections of provincial governors not long ago, it may actually be following in the CPC's footsteps today: Back then, when it was

proposed that four principles of the "May 5 Draft Constitution" be amended, on the issue of local systems, the CPC was also asking for "democratic elections of provincial governors."

Back when the KMT and CPC were negotiating in Ch'ung-ch'ing, throughout the meetings, the CPC wanted the KMT to recognize the army and government in the liberated areas, but the KMT steadfastly insisted on "unification of military and government orders." Chiang Kai-shek once said to Zhou Enlai, "Please tell Runchi (Mao Zedong's alias) that if he wants peace, he must accept this condition; otherwise tell him to bring his army from Yen-an and fight us." But Mao Tze-tung also warned Chiang Kai-shek, "If we fight now, I am sure you will win. But I can deal with you the same way I dealt with the Japanese. You may take the points and the lines, but I will take the whole surface and encircle the cities from the rural areas." The DPP which only received around 30 percent of the votes is not strong enough to beat the KMT, but looking at Chang Chun-hung's [1728 0193 1347] strategy of "encircling the central government from the localities," one can detect a resemblance to the tactic Mao Tze-tung used to defeat Chiang Kai-shek.

Whenever election time comes along, the KMT will come up with some data saying, "This party has this many Ph.D's and that many masters," as if every candidate is a hero of his or her time. But whenever there is trouble, it will go back to the same half-baked measures it resorted to 40-odd-years ago and try to hang on till things blow over. It is like the idiot who bought a pair of shoes that are too small. In order to make the shoes fit, he cut off his toes, and the result of that needs no explaining.

Survey of Public Opinions on Hong Kong Governor

92CM0191A Hong Kong MING PAO in Chinese
13 Jan 92 p 2

[Excerpts] [passage omitted] Our newspaper entrusted the Hong Kong Statistic and Business Research Center to conduct this "Survey of Public Opinions of Hong Kong People on the Incumbent Governor and His Successor in Hong Kong."

The survey employed telephone interviews on 8 and 9 January 1992. Persons interviewed were 18 or older. They were selected at random. During this period, interviewers placed a total of 1,668 calls including 584 unsuccessful contacts (busy signals or interviewees who did not speak Cantonese). A total of 445 persons interviewed declined to answer any question or gave up half-way, and 639 persons completed the interview. With the number of unsuccessful contacts deducted, the rate of positive response is 58.9 percent. Hong Qingtian, member of the board of directors and manager of the Hong Kong Statistics and Business Research Center, pointed out that the percentage of error was less than 7 percent in this survey. [passage omitted]

Hong Kong governors have always been British. The next governor may be the last one in Hong Kong, do the Hong Kong people want a Chinese to assume this post? MING PAO entrusted the Hong Kong Statistics and Business Research Center to conduct a survey on this question. Although the survey showed that a large percentage of the interviewees (about 38 percent) believed that a local Chinese should become the next Hong Kong governor, the percentage of those who would like to see a British assume this post was also considerably high. This indicates that people in Hong Kong have no overwhelming preference over the nationality of the next Hong Kong governor.

When asked the question "Should the next governor be a local Chinese or British (a foreigner)," 37.5 percent of the 639 interviewees chose a local Chinese, 32.7 percent preferred a British, 23.2 percent had no preference, and 6.3 percent said: "I do not know or it is hard to say."

From the percentage of those who made their choices, it shows that people in Hong Kong have no overwhelming preference over the nationality of the next governor. However, Hong Qingtian, responsible person of the Hong Kong Statistics and Business Research Center in charge of this survey project believes that the possibility of a Chinese becoming the next governor is not high, some people say that they would prefer that a local Chinese become the next governor. Thus, the demand is strong. In addition, 22 percent of the interviewees have "no choice in term of nationality." This also shows that many people in Hong Kong are considerably internationalized.

More Women Prefer a Chinese Governor

If we compare the interviewees in terms of their individual background and choices over the next governor's nationality, we made the following discovery:

In terms of gender, more women favor a Chinese governor. Forty-two percent of women preferred a Chinese governor, but only 34 percent of men made the same choice.

In terms of education, interviewees with low educational levels preferred a Chinese governor, but those with higher educational levels tend to choose a British as the next governor.

Age also affected the choices made by interviewees. Older (50 years old or older) interviewees preferred a Chinese governor, but younger ones thought otherwise. Forty-six percent of interviewees between the age of 50 and 59, and 53 percent of those 60 or older preferred a Chinese governor, but less than 40 percent of interviewees between the age of 18 and 39 made the same choice. An interesting phenomenon is that the majority of interviewees who preferred a British to become the next Hong Kong governor are between 40 and 49.

It seems that profession has no significant bearing on selecting the next governor in terms of nationality. In general, more students, housewives and retirees preferred a Chinese governor, while professionals, managers and blue collar workers favored a British governor.

Choice Chinese Governor: Easy To Communicate With Citizens; Select British Governor: Symbol of Continuous British Rule in Hong Kong; No Preference on Nationality: Emphasis on Choosing One on Basis of Merit

Interviewees have made different choices over the nationality of the next Hong Kong governor. Most people who preferred a Chinese governor believed that it might be easier for a Chinese governor to communicate with citizens, and those who preferred a British governor regarded this as a symbol of continuous British rule in Hong Kong. Those who had no preference over the nationality issue attached importance to selecting the governor on the basis of merit.

After interviewees answered the question on whether a local Chinese or British should become the next governor, they were then asked to state their "reasons."

Among the 241 interviewees who believed that the next Hong Kong governor should be Chinese, 53.9 pointed out that "the overwhelming majority of the people in Hong Kong are Chinese" and that "it would be easy for a Chinese governor to communicate with citizens," while 37.5 percent of them believed that appointing a Chinese as Hong Kong's governor is "conducive to handling the situation in Hong Kong." Only 9.1 percent of them thought that "if Hong Kong's governor is Chinese, there would be a chance to maintain British rule in Hong Kong beyond 1997." Other interviewees

named other reasons for their own choices. The percentage of these people has no significant meaning as references in the study of statistics.

Among the 209 interviewees who believed that the next Hong Kong governor should still be a British, 74.6 percent or the majority said that they made this choice, because a British governor "symbolizes the continuous British rule in Hong Kong," and 12 percent believe that "there is no suitable Chinese to assume this post." Others had their own reasons for making this choice. The percentage of these people had no significant meaning as references in the study.

The major point of focus of those interviewees who had no preference on the nationality of the next governor was on the ability of the candidate and whether or not the interests of the Hong Kong people would be safeguarded. Among the 149 interviewees who believed that "nationality should not be an issue" in selecting the next Hong Kong governor, 56.4 percent said that the candidate must be "competent and talented," while 27.5 percent believed that the successful candidate must be one who represents the "interests of the Hong Kong people." The percentage of those who made other choices had no significant meaning as references in the study.

Hong Kong People Prefer a Diplomat to Politician for Governor

The late Sir Youde and the incumbent governor Sir Wilson were both diplomats in the civil service of the British Government. When people of all walks of life in society discuss issues with regard to the selection of the next governor, some said that another diplomat should be appointed as governor, and others pointed out that there are more problems now since Hong Kong has entered the later stage of the transition period. Particularly the relations between China and Hong Kong have become extremely political. It would be better to appoint a statesman with rich political experience as governor. A spokesman of the British Opposition Labor Party had also explicitly stated that if the Labor Party wins the major election, it will appoint a senior politician as the next governor. However, our own survey showed that in the minds of the ordinary people in Hong Kong, a diplomat is still preferred to a politician.

When asked the question: "Should the next governor be a politician or diplomat," 43.8 percent of the 639 interviewees chose "diplomat," 28.8 percent selected "politician," 12.2 percent said that "neither is suitable," 7.5 percent believed that "either is all right," and 7.7 percent replied: "I do not know" or "It is hard to say."

After further analyzing the background of the interviewees, more women than men preferred a diplomat for the next governor of Hong Kong. Among women interviewees, 47.1 percent (percentage higher than the average figure) believed that the next governor should be a diplomat, and 26.8 percent (lower than the average figure) preferred a politician. On the other hand, only 40.7 percent of the men interviewees chose a diplomat, and 30.7 percent favored a politician.

Factors such as interviewees' educational background, age, profession and income did not seem to significantly affect their decision in selecting either a diplomat or a politician for the next governor.

In terms of the educational background, the survey showed that 48.3 percent of interviewees who favored a diplomat for governor only had middle school education, a higher percentage than the average figure. Another interesting discovery was that as high as 12.4 percent of interviewees who believed that either is suitable for the governorship had college or higher education, a higher percent than the average figure.

In terms of age, the survey showed that interviewees between 30 and 39 favored a diplomat for governor, accounting for 50.3 percent of the total number of people who made this choice, and those between 50 and 59 choose a politician for the post, accounting for 38 percent of those in the group.

In terms of vocation, housewives clearly preferred a diplomat for governor, accounting for 50 percent of the people who made this choice, and students clearly favored a politician, accounting for 40.5 percent of this group of people.

In terms of income, 60 percent of interviewees with monthly income of HK\$20,000 [Hong Kong dollars] or above preferred a diplomat for governor. Their percentage was the highest in the group. Fifty percent of interviewees who favored a politician had a monthly income between HK\$15,000 and HK\$20,000. Their percentage was the highest in this group.

Article Views Next Governor's Major Tasks

*92CM0192B Hong Kong MING PAO in Chinese
14 Jan 92 p 2*

[Article: "Residents Views on the Primary Tasks Facing the Next Governor"]

[Text] The public opinion survey that this publication was asked by the Hong Kong Statistical and Trade Research Association to conduct indicates that the majority of city residents believe that the major task facing the next governor is handling the issue within Hong Kong itself of the people's basic livelihood. As for the democratic groups' hopes that the next governor will work to quicken the pace of democratization of the political system, in the minds of the common people this comes in last at fifth place on a list of five items.

The respondents were asked: "It is very possible that the next governor will be the last governor of Hong Kong. What do you think his major tasks will be?" The interviewers then read out a number of different choices (each respondent was told by the interviewer that the order was different), the respondent was told by the interviewer to choose what he believed were the primary tasks facing the next governor, and that he was allowed to choose a maximum of two answers.

Of the 639 respondents who completed the survey, 59.8 percent believed that the primary task facing the next

Hong Kong governor was handling the issue of people's basic livelihood, for example, security and inflation. The sequence of priority of the other major tasks (see table) was: a smooth 1997 transition, relations with China, investor confidence and the acceleration of democratization.

Survey results reflected the fact that common people clearly relate to issues of people's livelihood more than to the pace of political democratization, but they do not show that city residents do not relate to broader political issues, because the priority of tasks listed a smooth transition and relations with China in the second and third positions, respectively, which often touch on very political issues. When the combined percentage of these two items (59 percent) is compared to the concern of the respondents for the people's livelihood issue, it is clear that the common people are also very concerned about political issues of the transition period.

Residents Views on Major Tasks Facing the Next Governor of Hong Kong

Rank	Task	Number	Percentage
1	People's Livelihood	382	59.8
2	Smooth 1997 Transition	228	35.6
3	Relations With China	150	23.4
4	Investor Confidence	116	18.2
5	Accelerating Pace of Democratization	84	13.2

Note: The sum of the percentages is more than 100 because each person could select two choices maximum. "Tasks" that were chosen by less than 20 people do not appear.

An analysis of the respondents' backgrounds shows that males and females had approximately the same response on each of these issues, and there was only a comparatively large difference when it came to two major tasks: on the issue of relations with China, the proportion of males (29 percent) was greater than females (17 percent); and on the issue of a smooth transition, a greater percentage of females (42 percent) was concerned than males (30 percent).

Respondents with comparatively lower educational levels were clearly especially concerned about the people's livelihood issue, 17 percent of those respondents with a primary school education or less believed that the major task of the next governor is handling the problem of the people's livelihood within Hong Kong itself. Of those with a professional education or higher, 33 percent saw relations with China as the primary task facing the next governor. This percentage was markedly higher than the overall average level.

The age of the respondent also affected what he/she considered to be the major tasks for the next governor.

Older respondents were clearly concerned about the issue of people's livelihood, with 72 percent of those aged 50 to 59 falling in this category and 67 percent of those aged 60 years or older viewed dealing with the issue of the people's livelihood as the major task facing the next governor. The proportion of those aged 40 to 49 concerned with investor confidence (25 percent), was noticeably higher than that of other age groups.

The occupation of the respondents did not appear to have a clear influence on their choices, though one interesting phenomenon was that retirees clearly hoped that the next governor would handle the people's livelihood issue (79 percent), and thought that relations with China (47 percent) were also very important, but as for accelerating the pace of democratization (6 percent) and a smooth transitions period (6 percent) the level of concern was clearly lower than the other age groups.

Among the choices supplied by respondents, the popular trust of the Hong Kong government, the issue of the Vietnam boat people and the new airport question were also given, but the average city resident clearly believed that these issues were not something the next governor had an urgent need deal with, because the number of people and the incidence of choosing of these three items was not statistically significant.

Article Evaluates Governor Wilson's Performance

92CM0192A Hong Kong MING PAO in Chinese
14 Jan 92 p 2

[Article: "Over 90 Percent of City Residents Give Wilson Passing Marks"]

[Text] After the public announcement at the end of last year that there would be a change in the governor of Hong Kong, some social figures gave an appraisal of the achievements of the current governor Sir David Wilson, who has been in office for five years that both praised and censured him. But how does the average city resident appraise the tenure of governor Wilson? An opinion survey conducted by this publication discovered that the average city resident gives governor Wilson rather high marks. For calculation purposes, taking 50 points as passing, and one 100 as satisfied, more than 90 percent of city residents give him passing marks as Hong Kong governor, and his average mark is 67 points.

This publication was asked by the Hong Kong Statistical and Trade Research Association to conduct a "public opinion survey on the current and next Hong Kong governors" on 8 and 9 January. The survey was conducted in the form of a telephone interview, the interviewers choose from a random sampling pattern, and successfully interviewed 639 Hong Kong residents aged 18 years or older. Subtracting those subjects who could not be contacted, the response rate was 58.9 percent.

The interviewers asked the following questions: "What is your appraisal of the current governor of Hong Kong." The scale was from 0 to 100, with 0 being the worst, 50 being a passing mark, and 100 representing satisfied.

Of the 639 people interviewed, only 24 gave the current governor a below passing mark (lower than 50), or 3.8 percent. Those considering Wilson up to standard (50 to 100 points) amounted to more than 590 people, or 92.3 percent. Of these, the majority gave him between 70 and 90 points, amounting to nearly half, or 49.8 percent overall.

In terms of age, the proportion of those people 50 years or older gave Wilson the highest marks (above 90) was not as high compared to other age groups; 10 percent of those aged 50 to 59 gave Wilson 90 points or above. The percentage of respondents aged 60 or older who gave the governor marks in this range was at most 16 percent.

In terms of educational level, 14 percent of respondents with a primary school or less gave the current governor 90 points or higher. This ratio was markedly lower than that for respondents with other educational backgrounds. Of those respondents with a professional degree

or higher educational background, the majority also gave Wilson comparatively high marks, with 60 percent giving him between 70 and 89 points.

In terms of occupational background no clear pattern emerged for their ranking of Wilson. More notable was the fact that retired people gave Wilson very high marks, and 15 percent gave him 90 points or higher.

In terms of income, high income respondents also gave Wilson comparatively high marks. Of those with monthly incomes of between 15 and 20 thousand Hong Kong dollars [HK\$], 69 percent gave him between 70 and 89 points. Those with monthly incomes of \$20,000 HK or more giving similar ratings exceeded 75 percent. Among people in the above described two high income groups, there was no one who felt that Wilson was "not up to standard." In addition, there was not one retired person who gave Wilson less than a passing grade.

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